

{In Archive} hydraulic fracturing in the news - Obama sets up unconventional gas working group

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[CQ.com - Shale Gas Development and Domestic Manufacturing.pdf](#)

Obama sets up unconventional gas working group

Phil Taylor, E&E reporter Greenwire Published: Friday, April 13, 2012

The White House is setting up a new interagency working group to promote the safe development of domestic natural gas, President Obama announced today.

The group will be chaired by the director of the Domestic Policy Council and will focus on development of so-called unconventional gas, which typically employs a controversial production technique known as hydraulic fracturing.

The working group, which will comprise more than a dozen agencies, including the departments of the Interior and Energy and U.S. EPA, is designed to "facilitate coordinated administration policy efforts to support safe and responsible unconventional domestic natural gas development," according to an executive order signed today by the president.

http://www.eenews.net/assets/2012/04/13/document_gw_02.pdf

"Close interagency coordination is important for effective implementation of these programs and activities," it said.

The order comes amid increased scrutiny over the decades-old hydraulic fracturing production technique, which blasts millions of gallons of water, sand and chemicals into compact underground rock formations to loosen up oil and gas. The use of the technique, which is used for both oil and gas production, has boomed with the recent development of prolific domestic shale gas deposits.

"The president has made clear that he believes this important, abundant domestic resource holds unique promise to fuel our energy sector, fuel our vehicles, as well as fuel job growth -- all while reducing harmful emissions," White House energy adviser Heather Zichal said today in a blog post. She noted that natural gas production grew more in 2011 than in any other year in history, easily eclipsing a previous record set in 1973.

Agencies have launched detailed probes into whether fracturing threatens groundwater, the environment or human health. Industry claims the technique is safe and has resisted most proposals for federal oversight, arguing the process is effectively regulated by states.

The president's order notes that natural gas last year provided 25 percent of the energy consumed in the United States. "Its production creates jobs and provides economic benefits to the entire domestic production supply chain, as well as to chemical and other manufacturers, who benefit from lower feedstock and energy costs," it says.

The working group will be charged with:

Ensuring agency policies are coordinated, efficient and effective.

Sharing scientific, environmental and related technical and economic information.

Engaging in long-term planning and ensuring coordinated research, natural resource assessment and infrastructure development.

Promoting interagency communication with stakeholders.

Consulting with other agencies and offices as appropriate.

The order comes soon before the Bureau of Land Management is expected to issue draft rules requiring the disclosure of hydraulic fracturing chemicals in addition to safeguarding wellbore integrity and managing the disposal of water and just days before EPA is set to issue a new rule that would rein in air pollution from oil and natural gas production, storage tanks and pipelines.

John Engler, president of Business Roundtable, called today's order a "solid first step" toward improving federal oversight of hydraulic fracturing.

"Business Roundtable CEOs recently discussed with the president how federal handling of this technology threatened to become burdensome with overlapping authorities and unnecessary and duplicative rules," he said in a statement. "We hope this working group can cut through these complications and ultimately encourage further investment in the energy sector."

Obama's order notes that transitioning to natural gas-powered vehicles could reduce the country's dependence on foreign oil.

But a recent study by the Environmental Defense Fund, which relied on EPA emissions estimates, suggested that the use of gas as a transportation fuel might actually increase greenhouse gas emissions because of the amount of methane that may be vented during unconventional gas production (E&ENews PM, April 9).

In addition to today's order, the Obama administration in its fiscal 2013 budget request released in February proposed spending \$45 million on a three-agency study of how to increase the safety of shale gas drilling, particularly the process known as hydraulic fracturing (E&ENews PM, Feb. 13).

Reporter Jean Chemnick contributed.

NC candidates: Environment safety key on fracking

Associated Press State Wire: North Carolina (NC) - Thursday, April 12, 2012

Author: GARY D. ROBERTSON Associated Press

RALEIGH, N.C. (AP) – Most of the candidates in the May 8 Democratic and Republican primaries for North Carolina governor say they're open to the idea of permitting companies to engage in a form of shale gas drilling called fracking – with conditions.

Candidates responding to an Associated Press questionnaire said they need assurances fracking can be done safely without damaging other natural resources to secure their support for legislation that would remove a fracking ban. Others also want to make sure landowners' rights are protected.

Democratic Rep. Bill Faison of Orange County is opposed to fracking, saying the environmental threat isn't worth the risk of contaminating groundwater and that out-of-state workers will get jobs. Faison hopes his views will draw a distinction with Democrats Walter Dalton and Bob Etheridge and Republican Pat McCrory.

300-foot buffer proposed for Ohio park drilling

Associated Press State Wire: Ohio (OH) - Thursday, April 12, 2012

Author: BARBARA RODRIGUEZ Associated Press

COLUMBUS, Ohio (AP) – An Ohio natural resource agency's proposed rules for drilling in state parks would require natural gas and oil companies to stay at least 300 feet – the length of a football field – from

campgrounds, certain waterways and sites deemed historically or archaeologically valuable.

Documents on proposed rules were released by the state Department of Natural Resources this week after the Ohio chapter of the Sierra Club filed a lawsuit claiming the agency ignored repeated requests by the group to review them.

The 89-page report lists the "best management practices" on site restoration and other topics, and guidelines for emergency and pollution incidents. Other proposals include state approval before companies could store drilling waste in pits and an agreement on the locations of all drilling equipment

The agency also released proposals for drilling leases. They show possible arrangements for companies interested in drilling directly below or drilling horizontally from land adjacent to property with oil and gas deposits.

Agency spokesman Carlo LoParo, who said the 300-foot buffer proposal would be applied above ground, said there are no specific policy decisions yet on what state land will be put up for competitive bids for drilling. But he emphasized that hundreds of other state properties besides state parks would be considered. He said a five-member commission that will be appointed later this summer will select the properties and lease the mineral rights.

Natural gas drillers in Ohio are active in the eastern part of the state, going after deposits in the underground Utica Shale. The state passed a law in September that opened its parks and other state-owned lands for drilling, and officials have been developing leasing terms for drilling companies.

Jed Thorp, the Sierra Club's Ohio chapter manager, said the proposals are inadequate. He said he's hopeful state lawmakers will eventually reverse the law.

"When people go to a state park, they don't want to see fracking , or hear fracking , or smell fracking ," he said in a statement. "They want to relax."

Thorp also said the Sierra Club, which filed its lawsuit Monday, won't drop its suit. He said the agency failed to follow the state's public records law by ignoring requests for the documents as far back as October.

LoParo called the group's reaction premature because the documents are draft proposals that don't apply to a particular circumstance. He said the documents were only completed this week.

"Public records are something that we take very seriously," he said. "You can't provide something that you don't have. And these documents were provided as soon as they were available."

Opponents say they're concerned about the environmental impact of the drilling, which includes hydraulic fracturing , or " fracking ." The process involves drillers blasting millions of gallons of water, sand and chemicals deep underground to break up rock deposits.

Supporters of the law say there's a potentially vast reservoir of oil and gas in the Utica Shale, which lies below the Marcellus Shale, where oil companies in Pennsylvania have drilled thousands of wells in search of natural gas and oil.

But natural gas drilling has become a contentious issue in Pennsylvania, where public health advocates have criticized a new law that will limit accessible medical information on illnesses that may be related to gas drilling. It takes effect April 14.

According to the National Conference of State Legislatures, more than 130 bills have been recently introduced in 24 states to address fracking . It includes a range of topics like waste treatment, disposal regulations and requirements to publicly disclose the composition of fracturing fluid chemicals. At least nine states have proposed fracking suspensions or studies on their impact.

Filmmaker discusses fracking documentary , tours ND
Bismarck Tribune, The (ND) - Thursday, April 12, 2012
Author: JESSICA HOLDMAN Bismarck Tribune

Filmmaker Ann McElhinney shared her thoughts on hydraulic fracturing with a crowd at the Doublewood Inn in Bismarck on Wednesday.

McElhinney is working on a documentary, "FrackNation," about the energy industry practice of hydraulic fracturing , also known as fracking . "FrackNation" is a response to the documentary "Gasland," made by Josh Fox, which raised concerns about the safety of hydraulic fracturing . She hopes to finish her film by June.

"It's a big story all over the world," McElhinney said. "I talked about it (North Dakota), but wanted to see it for myself."

McElhinney has been to Tioga, Stanley, Bismarck and Minot and will visit Williston on Friday. She said she met with geologists and scientists, saw a man camp in Stanley and talked to a man from Florida who was unemployed before taking a job in Tioga.

"There are growing pains, but I don't think anyone wants it (energy production) to go away," she said about the towns she has seen.

McElhinney also has shot footage in Dimock, Pa., upstate New York, Poland and the United Kingdom, and hopes to shoot in Texas and California.

McElhinney pointed out discrepancies from what she discovered and what was featured in "Gasland." For example, she told the crowd, the water in Dimock has been flammable for many years. One woman she interviewed told her lighting water on fire was an old parlor game in the town. She also said there is a grassroots movement in Dimock called Enough Already, which states fracking has not caused water problems for the town.

"Definitely ban it if there's something wrong with fracking , but not based on unscientific, erroneous evidence," McElhinney said.

McElhinney also told attendees about times the United States Environmental Protection Agency made rulings against hydraulic fracturing and had to reverse its decision in Pavillion, Wyo., Fort Worth, Texas, and Dimock.

"We don't need the EPA regulating the oil and gas industry," she said. "They don't seem to know what's going on in the states."

McElhinney has produced several other documentaries meant to debunk environmentalists' cases against different issues, such as mining.

"Environmentalists have terrified people with stuff that's not true," she said. "The evidence has backed me up on several occasions and it's backing me up here so far, too."

Brett Narloch, executive director of the North Dakota Policy Institute, which hosted the event, said McElhinney was asked to speak to raise awareness about hydraulic fracturing .

"With oil and gas development taking center stage, governments are taking actions," he said.

Narloch said the institute wants voters to be educated on political issues related to the oil industry.

Thirty-two people attended the event.

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Enterprise, Anadarko, and DCP Midstream to Jointly Develop New NGL Pipeline to Serve Colorado's Denver-Julesburg Basin

Business Wire - Thursday, April 12, 2012

Author: Enterprise Randy Burkhalter, 713-381-6812 or 866-230-0745 Investor Relations or Rick Rainey, 713-381-3635 Media Relations or Anadarko John Christiansen, 832-636-8736 Media Relations or DCP Midstream Lisa Newkirk, 303-605-1837 Media Relations

Enterprise Products Partners L.P. (NYSE: EPD), Anadarko Petroleum Corporation (NYSE: APC) and DCP Midstream, LLC today announced an agreement to design and construct a new natural gas liquids ("NGL") pipeline that will originate in the Denver-Julesburg Basin ("DJ Basin") in Weld County, Colorado and extend approximately 435 miles to Skellytown, Texas in Carson County. Each party will hold a one-third interest. The new Front Range Pipeline ("Front Range"), with connections to the Mid-America Pipeline system and the recently announced Texas Express Pipeline, will help producers in the DJ Basin maximize the value of their NGL production by providing reliable takeaway capacity and market access to the Gulf Coast, the largest NGL market in the United States.

Depending on shipper interest to an upcoming binding open commitment period, initial capacity on Front Range is expected to be approximately 150,000 barrels per day ("BPD"), which can be readily expanded to approximately 230,000 BPD. Enterprise will construct and operate the pipeline, which is expected to begin service in the fourth quarter of 2013.

"We are very pleased to partner with Anadarko and DCP on this project, which will extend Enterprise's integrated pipeline network into the liquids-rich DJ Basin to address the area's NGL transportation constraints, providing flow assurance and market choice for producers," said Michael A. Creel, Enterprise president and chief executive officer. "The Front Range project is anchored by NGL volumes produced from facilities operated by affiliates of Anadarko and DCP Midstream."

"With the success and significant growth expected in Anadarko's liquids-rich Wattenberg HZ (horizontal) program, Front Range will provide needed access to premium markets, which enables us to capture the highest wellhead netbacks. When combined with the recent announcement by Western Gas Partners, LP to construct the Lancaster Plant in the DJ Basin, Front Range provides significant value to Anadarko and its stakeholders," said Danny Rea, Vice-President of Midstream for Anadarko. "We are pleased to have the opportunity to partner with two quality companies like DCP and Enterprise in the Front Range project."

Bill Waldheim, president of DCP Midstream's NGLs, Gas and Crude Oil Logistics business unit, said, "The DJ Basin for several years has been an attractive liquids-rich resource. Now, with the introduction of horizontal drilling and this new phase of oil-driven development, the volumes and the infrastructure needs are accelerating. In anticipation of growing volumes, DCP remains focused on the liquids transportation needs of the basin. Given the plant development under way in the DJ, DCP has a strategic need to provide open access transportation services to the higher-valued Mt. Belvieu market."

The binding open commitment period will begin April 12, 2012 at noon CDT and continue until 5 p.m. CDT May 14, 2012. Additional details, including a Notice of Open Commitment and a Transportation Services Agreement form, will be distributed to shippers. Requests for additional information may be directed to Buford Barr at (713) 381-8354 or bbarr@eprod.com, as well as Bryan McFarland at (713) 381-2468 or bmcfarland@eprod.com.

Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. The partnership's assets include approximately: 50,600 miles of onshore and offshore pipelines; 190 million barrels of storage capacity for NGLs, petrochemical, refined products and crude oil; and 14 billion cubic feet of natural gas storage capacity. Services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage, and import and export terminaling; offshore production platform services; crude oil and refined products transportation, storage and terminaling; petrochemical transportation and storage; and a marine

transportation business that operates primarily on the United States inland and Intracoastal Waterway systems and in the Gulf of Mexico. For more information about Enterprise, please visit www.enterpriseproducts.com.

Anadarko Petroleum Corporation is one of the world's largest independent oil and natural gas exploration and natural gas exploration and production companies with 2.54 billion barrels-equivalent of proved reserves as of year end 2011. The company has significant producing properties in southwest and West Texas, including premier positions in the Eagleford Shale, Ozona area and Permian Basin. The company also is among the largest operators in the Rocky Mountain region, and combined with its master limited partnership, Western Gas Partners, LP (NYSE: WES), has extensive midstream infrastructure throughout its U.S. onshore operating areas. Anadarko's mission is to deliver a competitive and sustainable rate of return to shareholders by exploring for, acquiring and developing oil and natural gas resources vital to the world's health and welfare. For more information about Anadarko, please visit www.anadarko.com.

DCP Midstream, LLC, with headquarters in Denver, leads the midstream segment as the second-largest natural gas gatherer and processor, the largest natural gas liquids producer and one of the largest marketers in the United States. DCP Midstream, LLC operates in 18 states across major producing regions. DCP Midstream, LLC is a 50:50 joint venture between Spectra Energy and ConocoPhillips. The company owns the general partner of DCP Midstream Partners, LP, a master limited partnership, and provides operational and administrative support to the partnership. DCP Midstream, LLC is the largest oil and gas company, the largest private company and one of the "Best Places to Work" in Denver as ranked by the Denver Business Journal. For more information, visit the DCP Midstream, LLC website at www.dcpmidstream.com.

This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. All statements, other than statements of historical fact, included herein that address activities, events, developments or transactions that Enterprise, Anadarko and DCP expect, believe or anticipate will or may occur in the future, including anticipated benefits and other aspects of such activities, events, developments or transactions, are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including required approvals by regulatory agencies, the possibility that the anticipated benefits from such activities, events, developments or transactions cannot be fully realized, the possibility that costs or difficulties related thereto will be greater than expected, the impact of competition and other risk factors included in the reports filed with the Securities and Exchange Commission by Enterprise, Anadarko and DCP. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as required by law, Enterprise, Anadarko and DCP do not intend to update or revise their forward-looking statements, whether as a result of new information, future events or otherwise.

300-foot buffer set for campgrounds , lakes in parks

RULES FOR ' FRACKING ' - Drilling leases drafted by state

Columbus Dispatch, The (OH) - Thursday, April 12, 2012

Author: Spencer Hunt, THE COLUMBUS DISPATCH

Drilling companies that want to tap the oil and gas buried under Ohio's state parks would have to sign a mineral-rights lease and stay at least 300 feet from campgrounds and other attractions, according to documents that state officials released yesterday.

The proposed leases and an 89-page list of "best management practices" are the result of a Sept. 30 law that opened state parks and other state-held land for drilling.

The Ohio Department of Natural Resources shared the records after the Sierra Club's Ohio chapter sued the agency on Monday, demanding their release.

Interest in tapping a potentially vast reservoir of oil and gas in the Utica shale has drilling companies offering many eastern Ohio landowners more than \$5,000 an acre to sign mineral-rights leases.

But environmental groups are concerned about the potential pollution consequences of drilling and hydraulic fracturing , also known as " fracking ," in state parks. In fracking , millions of gallons of water, sand and chemicals are pumped underground to fracture the shale.

Under the law, Natural Resources officials are supposed to develop the terms for leases in state parks, forests and other public properties. Among the terms released yesterday, drillers could not come within 300 feet of camping areas, fire towers, sites of "historic or archaeological value" or "high quality" streams and lakes. The state and the company also must agree on the locations of all drilling equipment, oil- and gas-processing equipment and pipelines.

Companies would need the state's OK to store drilling and waste fluids in pits. To minimize damage to natural areas, any roads and pipelines leading from well sites "are to be within the same corridor," the proposed rules say.

It was not known yesterday how environmental advocates or industry officials would react to the proposed rules, or whether state officials will change them before rights in a state park are put up for bids.

The law creates a five-member commission that will select state properties and lease mineral rights to the highest-bidding drilling company. The commissioners have not been appointed, and the commission's rules won't be ready until June 30 at the earliest.

Jed Thorp, a Sierra Club manager, said his group doesn't have an opinion yet on the state's plans.

"We want to take the time to read through them thoroughly," Thorp said.

Thorp said the Sierra Club won't drop its lawsuit. The Department of Natural Resources had ignored several requests for the documents dating back to October, he said. The Dispatch filed a similar request on March 19.

Thorp thinks the ODNR should be held accountable for what he called a failure to follow Ohio's public-records law, which says that records should be released in a reasonable amount of time.

"We want them to be more forthcoming, not just to us but to other groups and individuals in the future," he said.

Agency spokesman Carlo LoParo said the documents weren't ready until Tuesday night.

shunt@dispatch.com

Chief sells gathering system for \$1B

Dallas Morning News, The (TX) - Thursday, April 12, 2012

Author: BILL BOWEN

Another Dallas-based production company has spun off its gathering operations in the Marcellus Shale. This time, it's Chief Oil & Gas that has sold its gathering pipeline system, which collects natural gas from production wells in the Marcellus Shale in Pennsylvania, to Penn Virginia Resource Partners for \$1 billion. The gathering system will continue to collect gas from Chief's wells in the area while the sale gives Chief funds to pour back into production. The system also has fee-based agreements with other active producers, including Chesapeake Energy, Exxon/XTO, Anadarko and others, and will expand PVR's gathering capacity.

"On the upstream front, Chief owns acreage in northeast Pennsylvania which will now be gathered by PVR, and we plan to continue to drill and increase production in this prolific area of the Marcellus," Trevor Rees-Jones, CEO of Chief Oil & Gas, said in a prepared statement announcing the sale. The deal is in cash and \$200 million in new stock issued by PVR to Chief, giving Chief a stake in the company. The sale of Chief Gathering LLC is the second of such Marcellus gathering units in recent weeks. Late last month, Caiman Energy sold its Marcellus Shale gathering and processing facilities, which are called "midstream

operations," to Williams Partners of Tulsa for \$2.5 billion.

Both Rees-Jones and Caiman president Jack Lafield worked the Barnett Shale in Tarrant, Parker, Wise and Denton counties and pioneered the hydraulic fracturing and horizontal drilling that made the shale plays possible. Chief was one of the earliest players in the Barnett Shale. In 2006, Rees-Jones sold most of its operations there to Devon Energy and started plying the Marcellus Shale field of Pennsylvania, Ohio and West Virginia.

PVR executives said that the purchase will be "transformative" and allow it to capture significant midstream opportunities in six of the most prolific counties in the Marcellus field, with Chief as a significant owner.

Senate Commerce, Science and Transportation Committee Hearing - "Shale Gas Development: Meeting the Transportation, Pipeline, and Rail Needs to Renew American Manufacturing ."

Government Press Releases (USA) - Thursday, April 12, 2012

Thank you, Senator Rockefeller, for convening this very important hearing regarding shale gas development. Your leadership on this issue is essential as our nation and our state ponder this once-in-a-generation opportunity. Public policy matters - and we must make sound decisions with regard to every aspect of the shale revolution, from production to delivering product to market, in order to truly provide energy and economic security for our country.

I am Randy Albert, Chief Operating Officer - Gas Division for CONSOL Energy.

CONSOL is the largest producer of high-Btu bituminous coal in the United States. Named one of America's most admired companies by Fortune magazine, we have evolved from a single-fuel mining company into a multi-energy producer of both high-Btu coal and natural gas - with 3.7 tcf (trillion cubic feet) of natural gas reserves we are also among the largest gas producers in the Appalachian basin. CONSOL currently employs over 9000 people with 4,303 employees here in West Virginia.

We are the only company that operates across all of the different horizons beneath our feet - from surface infrastructure and processing facilities, to the coal seams and deeper into the Marcellus and Utica Shales - it is a unique perspective and unique advantage to CONSOL Energy and the state of West Virginia.

West Virginia, once again, finds itself at the epicenter of the energy debate in America. Through the many challenges we face from external forces, we also find tremendous opportunity right at our doorstep. The shale gas plays in our region and across the country have literally been "game changing". Technological advances in horizontal drilling and fracturing techniques have unleashed this vast, new economic opportunity. The Marcellus may be the second largest gas field in the world. Estimates show that there could be as much as 500 tcf underlying the Marcellus Shale. American's use roughly 20-25 tcf annually - hence, the Marcellus Shale alone could represent a 25-year natural gas supply.

By 2020, the natural gas boom is expected to create over 200,000 additional jobs in the region, over \$18 billion in value added and over \$1.8 billion in state and local tax revenue.

How do we get to those numbers? Each well requires 415 workers from 150 different kinds of companies to release and harness the fuel. Approximately \$5 million is invested in the development of each Marcellus Shale well.

Each mile of Marcellus pipeline represents a nearly \$1 million investment into the state economy. Over the next 20 years, the industry will have to invest \$50 to \$100 billion in midstream infrastructure.

With great opportunity comes even greater responsibility. As I mentioned at the outset of my remarks, public policy matters and regulatory certainty creates an atmosphere where companies can and will invest and create jobs, with good economic and environmental return. Last December, Governor Tomblin and the legislature worked together to pass a comprehensive Marcellus Shale framework doing just that here in West Virginia - something that will pay dividends for the state for many years to come. CONSOL Energy's commitment to providing family-sustaining jobs, in a safe, compliant and environmentally-friendly

manner, is as unwavering today as it ever was.

While our region has seen the benefits of the surge of natural gas production in recent years, we will only realize the full benefits of this critical domestic resource if we are able to effectively move this product and open up new markets for its usage, from the transportation sector to the manufacturing sector, we must closely align our policies to maximize the benefits of these shale plays. Last year, the U.S. produced an average of 63 bcf (billion cubic feet) of natural gas per day, a 24 percent increase from 2006 - but over that period consumption has grown half as fast.

The best hope for economic renewal, here in the United States and the rest of the world, is growth. We need a growth agenda predicated on creating an environment that allows the private sector to grow, to create jobs, to lift incomes, to generate more tax revenues and to regain our optimism about the future.

I'm here today to tell you the energy industry can help us do just that. At this critical moment for our economy, we can get everything else right, but still go nowhere unless we have affordable, reliable supplies of the energy needed to power the American economic engine. Today, we stand ready to be the industry that helps make recovery possible - a strong, lasting, global recovery, led by red, white and blue energy and red, white and blue manufacturing.

If we fail to get this right, the implications for our economy and, by extension, our foreign policy could be staggering in the years ahead.

Thank you for this opportunity and I look forward to answering your questions.

Read this original document at:

http://commerce.senate.gov/public/?a=Files.Serve&File_id=0ee743d2-7a8d-4b80-8c95-49d0d71438d7

Senate Commerce, Science and Transportation Committee Hearing - "Shale Gas Development: Meeting the Transportation, Pipeline, and Rail Needs to Renew American Manufacturing ."

Government Press Releases (USA) - Thursday, April 12, 2012

Mr. Chairman, on behalf of the American Chemistry Council, thank you for the opportunity to address infrastructure issues related to shale gas development.

The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible CareTM, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is a \$720 billion enterprise and a key element of the nation's economy. It is one of the nation's largest exporters, accounting for ten cents out of every dollar in U.S. exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation's critical infrastructure.

The chemistry industry is the foundation of U.S. manufacturing and the engine of our National economy. Chemistry creates the basic building blocks for countless products that Americans rely on every day, from the packaging that keeps our food fresher longer to building products that make our homes more energy efficient to materials such as high-tech composites that make our cars, planes, and electronics lighter, stronger and more fuel efficient. In fact, 96% of all manufactured goods made in the U.S.A. rely on chemistry.

In chemical manufacturing it all begins with natural gas. U.S. chemical manufacturers use ethane, a liquid found in natural gas, as their primary raw material, or "feedstock." Cell phones, computers, tires and carpeting all use chemistry, and all are made with ethane. The shale gas found in the western Pennsylvania and West Virginia portions of the Marcellus shale contain some of the most ethane-rich shale gas deposits found anywhere in the country. That large supply of ethane is attracting strong interest from ACC member companies.

Shale gas is a game changer for the chemistry industry. It holds the promise of a renaissance of chemical manufacturing in the United States and will dramatically improve our competitiveness globally. With today's more abundant and stable natural gas supplies, U.S. manufacturers have access to lower-cost ethane. We have a big advantage over foreign competitors who use a different process based on a raw material from crude oil, called naphtha. With the global oil prices hovering around \$100 a barrel and U.S. natural gas under \$2 per million BTUs, America's chemistry industry is in a strong competitive position for the first time in years.

The news is full of announcements of U.S. investments, new ethane cracking plants, production expansions and restarts, increased exports of American goods and the positive impacts on many industries that rely on chemistry and plastics - including auto manufacturing, construction, agriculture, health care, and technology. Recently, Shell Chemical announced that it is taking the next step in considering a new world-scale ethane cracker - the first in the U.S. in more than a decade. It's yet another sign of expansion in the domestic chemistry industry through the promise of shale gas.

Shale gas could create hundreds of thousands of manufacturing jobs in areas that have been hardest hit by the recession. In fact, ACC projects that a 25 percent boost in ethane supplies could generate 400,000 U.S. jobs, \$132 billion in U.S. economic output and \$4.4 billion in local, state and federal tax revenue every year. These include direct chemical industry jobs and thousands more in our supplier industries and the sectors that support all those jobs.

In West Virginia, a \$3.2 billion investment in an ethylene production complex will generate \$4.8 billion in additional chemical industry output and would create more than 12,000 jobs in the chemical industry and its supply chain.

We were pleased to see that in his State of the Union Address, President Obama highlighted natural gas from shale as key to our energy and economic future and offered assurance that his administration "will take every possible action to safely develop this energy." He included natural gas as part of his "all-of-the-above" energy strategy.

With shale gas development poised to play an important and growing role in the country's energy strategy, the next question is: What are the best ways to ensure that America develops these resources, and does so in a responsible way? Regulations and policies around natural gas production and infrastructure development will ultimately determine whether shale gas becomes the "game changer" everyone hopes for, generating economic growth and new jobs and revitalizing U.S. manufacturing.

Robust regulatory activity is already underway at the federal and state levels. Nine separate federal agencies are considering policies or regulations related to hydraulic fracturing. The U.S. EPA alone is considering three major regulatory proposals related to fracturing operations. The federal Bureau of Land Management has proposed a rule that mandates, among other things, 30-day advance notice and approval for specific fracturing fluids to be used at wells. Multiple bills in Congress would require a larger role for the federal government in regulating shale gas development. Numerous states have already updated their regulations, or are in the process of doing so.

For chemical manufacturing, we believe the U.S. needs to capitalize on shale gas as a significant domestic energy source while ensuring that we have appropriate regulatory policies to protect our water supplies and our environment.

We support state-level oversight of hydraulic fracturing, and we are committed to transparency regarding the disclosure of the chemical ingredients of hydraulic fracturing solutions, subject to the protection of proprietary information. We oppose outright bans on shale gas production or the hydraulic fracturing process.

Many states are already paving the way in developing regulations. Some states have implemented a mandatory chemical disclosure system that works - disclosing relevant information while appropriately protecting confidential business information. Texas, in particular, has a law that strikes the right balance

and could serve as a guide for other states.

The bottom line for us is that the full potential from shale gas will only be realized with sound state regulatory policies that allow for aggressive production in an environmentally responsible manner.

We also need to harness the value of ethane as a feedstock that leads to thousands of products used in commerce on a daily basis. That means investing in infrastructure to separate ethane and other liquids from the gas supply, ship it to markets, and develop adequate capacity to store it before use. Today, the existing infrastructure and pipeline capacity is not adequate to move ethane to market. As a result, much of the ethane-rich shale gas in the Marcellus is shut in. Fortunately, businesses are moving quickly to bring ethane infrastructure to the Marcellus and we expect to see ethane moving to market by the end of next year.

We also expect chemical companies looking to invest in new petrochemical capacity to continue taking a hard look at West Virginia as the site for a future world-scale petrochemical complex. West Virginia hosts an abundant supply of fuel and feedstock, it has excellent road, rail and river transportation networks, a skilled workforce, and is within 500 miles of the primary US markets for petrochemicals and plastics. The state's rail networks also make it an attractive platform from which to ship plastic pellets and sheet to Atlantic ports for shipment to Europe and elsewhere. We believe West Virginia makes an excellent fit as the potential home to at least one of the petrochemical complexes that will be built in the US in the coming years.

In closing, we agree with the President that "the United States has a huge opportunity at this moment to bring manufacturing back." Delivering on the promise of shale gas means that the regulatory and financial environment to fully develop the resource - including the development of the necessary infrastructure - must not impose needless barriers. By making the most of shale gas, we can support new manufacturing capacity here in the United States, good high-paying jobs and economic growth and prosperity for years to come.

Read this original document at:

http://commerce.senate.gov/public/?a=Files.Serve&File_id=786e5339-b72a-4223-b2c1-1c5f8b52a2cb

DEP hearing on Transco gas pipeline is tonight

Hunterdon County Democrat (Flemington, NJ) - Thursday, April 12, 2012

Author: Frank Mustac

A public hearing on Transco's plans to build a pressurized natural gas pipeline known as the Northeast Supply Link project will take place tonight, April 12, from 6-8 p.m. at the Westminster Hotel, 550 West Mount Pleasant Ave. in Livingston.

The project includes a section of 42-inch-diameter pipeline called the Stanton Loop which, if approved, will run mostly underground near about 90 homes through parts of Clinton, Union, Franklin and Readington townships.

The public hearing hosted by the New Jersey State Department of Environmental Protection will focus on the pipeline's impacts to wetlands and flood hazard areas.

A subsidiary of Williams Energy Services, Transco is proposing the pipeline to bring a growing domestic natural gas supply produced in part from fracking to Pennsylvania, New York and New Jersey markets, according to Williams.

The public is also invited to submit written comments within 15 days of the April 12 public hearing to:

Joslin Tamagno, Department of Environmental Protection, Division of Land Use Regulation Program, Mail Code 501-02A, P.O. Box 420, Trenton, NJ 08625-0420. Reference: APPLICANT: Transcontinental Gas Pipe Line Company; FILE NUMBER: 0718-10-0002.3; FWW 120001, FHA 120001, and FHA 120002.

Fracking forum tonight at city hall

Ludington Daily News (MI) - Thursday, April 12, 2012

The local environmental education group A Few Friends for the Environment of the World and the Ludington Daily News are cosponsoring a forum on hydraulic fracturing tonight from 7 to 9 p.m. in the community room of Ludington City Hall.

Speakers include:

John Wilson of Ludington-based Western Land Services, which is involved in leasing of land for oil and gas development.

Bill Duley will represent the Michigan Department of Environmental Quality.

Lynna Kauchek will represent the non-profit Food and Water Watch.

Susan E. Harley, J.D., Michigan policy director for the Sierra Club, serves as a member of Michigan's Wetlands Advisory Council and is a board member for EarthShare Michigan, and/or Nick Occhipinti from West Michigan Environmental Action Council also will take part.

Steve Begnoche, managing editor of the Ludington Daily News, will moderate the forum.

A time for questions from the public will follow the presentations by the speakers.

Homebuilder keeps mineral rights

News & Observer, The (Raleigh, NC) - Thursday, April 12, 2012

Author: John Murawski ; Staff Writer By John Murawski jmurawski@newsobserver.com

Bert Garrido, a Florida transplant who bought a \$400,000 home last year in upper Chatham County, is already having neighbor tensions in his newly adopted state. His concerns are of the sort that have never been experienced in North Carolina, and dovetail with this state's contentious debate about fracking .

Garrido's neighbors in the Legends Oaks subdivision are signing home purchase contracts that give up their rights for drilling natural gas to the company that built the homes. Texas-based D.R. Horton, the nation's largest homebuilder, is then transferring those exploration rights en masse to its subsidiary, DRH Energy.

The homebuilder's deed restriction potentially plays out across dozens of subdivisions and hundreds of homes built by D.R. Horton throughout the state. The terms give DRH Energy, also based in Texas, "the perpetual right to drill, mine, explore ... and remove any of the subsurface resources on or from the property by any means whatsoever," according to property deeds filed in Chatham, Wake and Durham counties.

Now Garrido is surrounded by neighbors who will have no say about natural gas drilling under their homes.

"If we ever want to sell our house, it's going to hurt us," said Garrido. "It's just the perception, even if they never exercise those rights."

It's not clear why D.R. Horton is selling homes stripped of mineral rights, or whether the company hopes to profit from a natural gas bonanza in the Triangle and elsewhere. Company representatives did not return repeated calls and emails to its division office in Morrisville.

But D.R. Horton's policy taps into lingering concerns among critics that fracking will exploit the environment and harm the public. Fracking is a shorthand for hydraulic fracturing , an aggressive method of mining natural gas by pumping millions of gallons of water mixed with chemicals deep underground to break up the prehistoric shale rock that traps the natural gas.

Fracking is currently illegal in North Carolina, but the state legislature is set to debate legalizing it as early as this summer, even as some lawmakers have vowed to delay fracking with further studies on potential risks. Gov. Bev Perdue has already come out in favor of fracking, and the N.C. Department of Environment and Natural Resources recently issued a lengthy study concluding fracking can be done safely as long as the right safeguards are put in place.

Just over half the 59 homes built or planned for Legend Oaks are by D.R. Horton. The others, including Garrido's, are built by Orleans Homebuilders, a Pennsylvania-based company that does not keep the drilling and energy exploration rights under homes it sells.

For the D.R. Horton homes, however, the problem may go beyond perceptions. Those homes, stripped of their exploration rights, could be harder to refinance and resell because some lenders won't back a mortgage for a property that doesn't come with "mineral rights," the legal term for the right to mine, drill and explore beneath a property.

The State Employees Credit Union is among those that won't underwrite homes without mineral rights "because of the potential danger" of property damage, water contamination and other risks that could cause property values to sink, said Spencer Scarboro, SECU's senior vice president of loan originations.

"We're putting our branches on notice to be looking for it anytime where D.R. Horton is the seller," Scarboro said. "It's just a small little blurb in the contract. It's easily missed if you're not looking for it."

Most homeowners own rights

In this state, homeowners typically own the rights below and above their properties. Some, who have already leased their land in the event that fracking is legalized, stand to receive royalty payments on any natural gas extracted under their properties.

Those who signed away their mineral rights will receive nothing if DRH Energy taps into a payload of natural gas below their subdivision.

According to property records, D.R. Horton began in 2010 systematically keeping the mineral rights starting at 500 feet below homes it sells. The policy change took place not long after geologists announced that this state sits atop an estimated 40-year supply of natural gas trapped in underground shale rock formations, much of it believed to be concentrated in Lee, Moore and Chatham counties.

"I wonder how many homes they would sell if they clearly told people what they're doing," said Larry Tollen, a real estate broker who has been selling Orleans-built homes in Legend Oaks. He said the homes in the upscale subdivision range from \$310,000 to \$700,000, some being as large as 5,200 square feet.

At least some property owners say they are not concerned about it, however. Brian Young, who bought a \$330,000 D.R. Horton home in Legend Oaks last May, said his real estate agent and lawyer told him the mineral rights clause is a non-issue.

"There's no minerals to be found there anyway," Young said. "I think the assumption that we made was that with D.R. Horton being based in Texas this is a much more common thing in Texas than it is here."

Brantley Powell, the developer of Legend Oaks, said the homeowner association covenants and restrictions prohibit disruptive commercial activity in the subdivision.

However, with horizontal drilling, drillers could set up operations hundreds of feet away and drill sideways under the subdivision.

Still, Powell said he is confident Legend Oaks is safe from fracking. Powell, president and owner of Raleigh-based HBP Properties, said he learned just recently of D.R. Horton's practice to retain mineral rights.

He would not comment on it beyond saying "it could have been handled in a better way."

Murawski: 919-829-8932

Caption: Homebuilder D.R. Horton's "severing" mineral rights has many worried that neighborhoods will become staging sites for fracking . CHUCK LIDDY - cliddy@newsobserver.com

LOCAL PORTION OF SHALE LAW PUT ON HOLD

Pittsburgh Post-Gazette (PA) - Thursday, April 12, 2012

Author: Laura Olson, Post-Gazette Harrisburg Bureau

HARRISBURG -- When the new Marcellus Shale drilling law goes into effect on Saturday, a 10-page section to override local drilling ordinances will be temporarily put on hold.

A state judge issued a 120-day injunction Wednesday halting those provisions of the law.

The judge's action was cheered by municipal officials involved in the suit, who argued that allowing the zoning provision to go forward would result in legal uncertainty as they brought ordinances into compliance.

"It's exactly what we requested," said Canonsburg attorney John Smith, representing several of the towns. "The court recognized that the way the legislation was drafted leaves municipalities in a state of potential peril."

Meanwhile, the bulk of the 174-page law -- including sections related to a drilling impact fee and an overhaul of state environmental regulations -- was not prohibited from going into effect on Saturday.

The partial injunction by Senior Judge Keith Quigley came hours after a morning Commonwealth Court hearing on a challenge to the new statute by local officials, a Monroeville doctor and an environmental activist.

The municipalities challenging the law -- Cecil, Peters, Mount Pleasant and Robinson in Washington County; South Fayette in Allegheny County; and two Bucks County towns -- already were provided 120 days to tweak their local drilling rules under the new law, known as Act 13.

They argued that that period creates confusion because drilling companies and state attorneys interpreted the law to invalidate local rules immediately, regardless of whether officials were using the time to revise their ordinances.

Cecil officials received a letter last month from attorneys representing MarkWest Midstream & Resources, saying they believe the town will be required to grant their permit for a compressor station once the law was to go into effect on Saturday.

The towns' attorneys asked for the current local rules to remain in place during that revision period. They argued that if permit requests like the one in Cecil are granted, half-finished projects could not be undone if the court later finds the state law unconstitutional.

"There would be no harm to industry because they could continue to conduct business," Pittsburgh attorney Jonathan Kamin said during the hearing. "The status quo is not a status quo of not operating."

Senior Deputy Attorney General Howard Hopkirk, representing the state agencies named in the suit, argued that municipalities do not have a right to challenge the law because the state has authority to determine what localities can and cannot do in their land-use rules.

Judge Quigley sided with the municipalities, stating in the order that local ordinances must remain in effect until a specific challenge finds them invalid.

"Municipalities must have an adequate opportunity to pass zoning laws that comply with Act 13 without the fear or risk that development of oil and gas operations under Act 13 will be inconsistent with later validly passed local zoning ordinances," states the order.

He added, however, some foreshadowing in the order's footnotes about the burden on the plaintiffs, saying the court "is not convinced that petitioners' likelihood of success on the merits is high."

The Corbett administration said they are reviewing their legal options.

"All this decision means is the municipalities will get an additional 120 days to come into compliance with the zoning provision of the law," Corbett spokesman Eric Shirk said.

The municipal attorneys said drilling companies are seeking to challenge the decision, but first they would need to be allowed into the case.

A hearing will be held Tuesday to determine whether the Marcellus Shale Coalition, the Pennsylvania Independent Oil and Gas Association and several drilling companies can participate.

Spokesmen for the coalition, an industry trade group, issued a statement after the ruling, saying that the group believes the legal merits of the law "will be recognized and upheld accordingly."

The zoning provisions that dominated Wednesday's discussion was highly sought by the industry, which has cited the detailed differences between local ordinances as an impediment to development.

The suit also challenges a separate provision of the law that prevents doctors from disclosing certain proprietary chemicals used in hydraulic fracturing that they may gain knowledge of in the course of treating a patient.

Memo: Harrisburg Bureau Chief Laura Olson: lolson@post-gazette.com or 717-787-4254.

Luzerne postpones vote on impact fee

Standard-Speaker (Hazleton, PA) - Thursday, April 12, 2012

Author: ELIZABETH SKRAPITS, STAFF WRITER

WILKES-BARRE - Luzerne County Council decided Tuesday to postpone a vote to adopt an ordinance that would give the county a share of natural gas revenue until after a state judge rules whether to temporarily stop it from taking effect.

Act 13 allows counties and municipalities to receive impact fees from natural gas wells and related infrastructure, but it also lets gas companies challenge local ordinances that are stricter than state law.

A Commonwealth Court judge heard a request Wednesday morning for an immediate injunction filed by a group including seven municipalities that contends the law is unconstitutional because it takes away local ability to control land use.

Several council members suggested waiting until after the judge's ruling to vote on the ordinance. Council President Jim Bobeck reminded them that the state law sets a deadline of Monday for counties and municipalities to pass an ordinance or they won't get any money.

The council agreed to a special meeting at 6 p.m. Monday as well as an amendment to the ordinance, which will now specify that its adoption does not limit Luzerne County's right to challenge the validity of provisions of the act.

Although council members unanimously dislike the legislation, they are divided on whether the county should benefit from it.

Councilwoman Elaine Curry, who called it a "poster child for bad legislation," said she is concerned from a health care standpoint. One provision in the law is that if a doctor has a patient who thinks he or she was

exposed to any chemicals used in hydraulic fracturing , the doctor has to request in writing a list from the drilling company and sign a non-disclosure agreement, she said.

On the other hand, Councilman Eugene Kelleher said the county could receive close to a half-million dollars.

Councilwoman Linda McClosky Houck said she believes the act will be repealed. But in the meantime, she said, if a driller comes to town and there is no ordinance in place, the county would miss out on the fee.

Nine residents asked council to vote against the ordinance. Their main concern is that under Act 13, companies could put wells and gas infrastructure anywhere, including residential neighborhoods and near schools and water supplies.

eskrapits@citizensvoice.com

Commissioners listen to people's concerns

Star Beacon (Ashtabula, OH) - Thursday, April 12, 2012

Author: Carl E. Feather - Cfeather@starbeacon.Com, Staff Writer

ROAMING SHORES – Commissioners were questioned about solid waste and hydraulic fracturing issues during their pre-agenda meeting at the village hall Tuesday evening, but the most pointed question came from 10-year-old Julia Vavpetic.

“What is your main job as a county commissioner?” Julia asked the board.

President Peggy Carlo didn’t miss a beat in answering.

“Make everyone happy,” she said.

Carlo went on to elaborate on the board’s multi-faceted work as leaders, administrators and listeners.

“We just do a little bit of everything,” Carlo said.

She said the question commissioners most often hear is why they have not created more jobs.

“The board of commissioners provides the environment to bring in jobs, but we can’t actually create jobs,” Carlo said.

Several residents asked the board what it is doing to monitor and regulate hydraulic fracturing , or “fracking ,” a method of extracting gas and oil from far below the surface. Commissioner Dan Claypool said that only two of these wells have been permitted in the county and none has actually been drilled.

As far as regulation, that rests with the Ohio Department of Natural Resources.

“The county really has no control or oversight on it,” Claypool said.

County Engineer Tim Martin has been at the forefront of working with other county engineers to put in place a universal road use agreement to protect county roads from damage by the large trucks used in drilling operations. Additionally, the county’s emergency management agency has requested drillers provide the location of all wells so they can be added to the mapping system used by first responders.

The board itself is making an effort to build relationships with every energy company that does business in the county, but Carlo said “I don’t think that we, as county commissioners, can put our arms around it and say we are going to control it.”

Claypool noted that hydraulic fracturing has been around for many years and that, for him, the bigger

issue is the use of injection wells to dispose of the chemical-laced water used in the process. A well in Youngstown had to be closed because it was suspected of triggering earthquakes.

One of the Roaming Shores residents asked if the board has given any thought to how it will manage the potential influx of cash that could come with a gas boom in the area. Commissioner Joseph Moroski responded.

"You're a little ahead of the curve trying figure out how to divide up the pie the when the pie is not out of the oven yet," he said.

Village Administrator Kevin Grippi asked about future of the Waste Management landfill in Geneva Township and that company's lack of competition in the county. Moroski, who has a seat on the Solid Waste Policy Board, said the amount of material going into the county's waste stream has dropped with the recession. That has reduced the need for landfill space and cut the revenue the county's recycling program receives from the landfill fees.

As to starting a new landfill, Moroski told Grippi that "in the times we live in right now, that would be a pretty ambitious project."

"Kevin, there could be all the open space in the world, but (the public attitude) is 'not by me,'" Carlo said.

Grippi gave kudos to the county's EMA Director George Sabo, who recently helped the village implement a Code Red call. Grippi said a valve in the water system broke and about 25 percent of the residents were affected by the water emergency. Working with Sabo, the village was able to put an automated call out to the affected residents.

The bill, said Grippi, was just \$3.03.

"That was a great deal for us," he said.

Commissioners raved about the village's new meeting room and the council members' comfortable chairs.

"Can we come here more often? This is a really beautiful room," Claypool said.

EPA Rules for Hydraulic Fracturing Need Crucial Improvements , API Says

Targeted News Service (USA) - Thursday, April 12, 2012

WASHINGTON, April 11 -- The American Petroleum Institute issued the following news release:

In remarks to reporters, API Director of Regulatory and Scientific Affairs Howard Feldman called for EPA to make "crucial" reforms to its proposed New Source Performance Standards for emissions from oil and natural gas development, including hydraulic fracturing operations, before the agency finalizes the rules next week:

<http://www.api.org/News-and-Media/testimony-speeches/2012/Howard-Feldman-press-briefing-teleconference-on-EPA-proposed-oil-gas-emission-rules.aspx>

"The fact is that the industry is already leading efforts to reduce emissions. The technology and equipment being used to reduce emissions were created by the industry. . .and companies are already implementing it in many locations.

"Significant improvements to the rules are crucial to make sure they are workable and achieve emission reductions cost-effectively and safely, while allowing oil and natural gas development to continue.

"The proposal took too much of a one-size-fits-all approach to regulating an industry that varies greatly in the type, size and complexity of operations. . . the proposed rule would require more emission equipment for sources that emit little to no regulated pollutants and should not be subject to these requirements.

"EPA needs to adjust the timeframe for implementation because enough equipment will simply not be available in time to comply with the proposed rule schedule. Our analyses showed that, based on EPA data, it will take between two and three years to manufacture enough specialized equipment and adequately train operators in its safe use.

"The bottom line is that EPA can fix these rules so they reduce emissions in a way still compatible with oil and natural gas development that creates jobs, revenue to the government and energy security."

API President and CEO Jack Gerard sent a letter to EPA Administrator Lisa Jackson outlining these concerns.

<http://www.api.org/news-and-media/news/newsitems/2012/apr-2012/~media/Files/News/2012/12-April/OGAdministratorLtr.ashx>

TNS CT21CT-120412-3838019 61ChengTacorda
Memo: Carlton Carroll, 202/682-8114, carrollc@api.org

Interior: Fracking doesn't cause quakes

UPI International Intelligence - Thursday, April 12, 2012
Author: UPI News Service

Fracking natural gas deposits doesn't cause earthquakes and temblors associated with unconventional natural gas development are minor, the U.S. government said.

U.S. Geological Survey scientists said the frequency of earthquakes of magnitude-3 or greater increased by a factor of six in the decade beginning in 2001.

While it appears likely that the observed seismicity rate changes in the middle part of the United States in recent years are man-made, it remains to be determined if they are related to either changes in production methodologies or to the rate of oil and gas production, the U.S. Interior Department stated.

Scientists said they found a link between the injection of wastewater from the development of shale natural gas into deep disposal wells. This practice could increase pressure on existing faults deep underground.

Interior Department Deputy Secretary David Hayes said the accuracy of recent media reports on the link between fracking and earthquakes varied greatly. The Interior Department notes that, despite recent fervor, temblors associated with wastewater injection were first recorded in the 1960s.

Only a tiny fraction of the estimated 40,000 waste fluid disposal wells in the United States have induced temblors large enough to warrant concern, the Interior Department states.

We also find that there is no evidence to suggest that hydraulic fracturing itself is the cause of the increased rate of earthquakes, said Hayes.

UNIVERSITY OF TEXAS AT AUSTIN ENERGY POLL SHOWS STRONG SUPPORT FOR MORE DOMESTIC ENERGY PRODUCTION

US Fed News (USA) - Thursday, April 12, 2012

AUSTIN, Texas, April 10 -- The University of Texas issued the following news release:

Consumers strongly support increased production of energy from domestic sources, particularly natural gas and renewables, according to the University of Texas at Austin Energy Poll that was released today. This is the second release of the poll, a twice-annual national online survey of energy issues.

The poll also offered insights in how energy issues may affect the upcoming presidential election, with more than 65 percent of the 2,371 poll respondents saying that energy is important to them. Respondents generally favor candidates whose policies would increase domestic energy production, and expanded natural gas development had the most support among consumers, with 61 percent saying they would be

more likely to vote for a presidential candidate who backs this issue.

Consumers also support an increase in renewable forms of energy, with 59 percent saying they would be more likely to vote for a candidate who supports additional financial incentives for companies engaged in renewable technologies, as well as a candidate who would require utilities to obtain a designated percentage of their electricity from renewable sources.

Half of the consumers surveyed are in favor of candidates who support approval of the Keystone XL pipeline to transport oil from Canada to the Gulf Coast, and 46 percent say they would be more likely to vote for a candidate who supports expanded offshore oil development in the Gulf of Mexico. Support for drilling in the Arctic National Wildlife Refuge edges out opposition, 38 to 32 percent.

Survey participants remain very concerned about the high cost of gasoline, with nearly 90 percent saying they expect prices at the pump to rise during the next six months, an expectation that is particularly strong among Republican voters. More than four out of five consumers also expect their total household energy expenditures to increase.

"We see a significant trend of increased pricing concerns and more support for domestic energy production across the board in this survey," said Wayne Hoyer, co-director of the survey and professor and marketing department chair at the McCombs School of Business. "While most respondents expect prices to continue rising, they're also more optimistic about our energy future, perhaps because of the abundance of natural gas and other domestic energy resources. These trends will be interesting to watch as we head into this fall's elections."

Despite intense media coverage of hydraulic fracturing, 62 percent of survey participants say they are unfamiliar with the practice or have never heard of it. Of the 32 percent who are familiar with hydraulic fracturing, support outweighed opposition, 48 percent to 36 percent. When asked to describe how they feel about the regulation of hydraulic fracturing:

- * 38 percent favor more regulation.

- * 14 percent say the technology is already over-regulated.

- * 22 percent think existing regulations are sufficient but need better enforcement.

- * 16 percent believe existing regulation and enforcement are sufficient.

Support for environmental issues declined from last fall's Energy Poll on virtually every measure. For example, asked to choose between economic growth or environmental protection, more consumers preferred growth; six months ago the responses were more evenly split. Significantly fewer consumers say they are willing to pay much higher prices to protect the environment, at 30 percent compared with 38 percent last fall. Half of the survey respondents say they are not environmentalists, while 37 percent describe themselves as "passive" and 8 percent as "active" environmentalists.

Other findings in the poll include:

- * 65 percent of respondents say global climate change is occurring; 22 percent say it is not.

- * Participants cite deforestation (70 percent) and fossil fuels (65 percent) as the most significant contributing factors in global climate change.

- * The energy resources seen as providing the most jobs are oil, 34 percent; renewable energy, 13 percent; coal, 12 percent; natural gas, 11 percent; and nuclear, 3 percent.

- * The number of consumers likely to seek more information about global energy issues in the next six months has declined, from 60 percent of respondents last fall to 37 percent.

For a webcast of today's presentation of poll findings, charts of the results and more information, visit www.utenergypoll.utexas.edu.

The University of Texas at Austin Energy Poll, developed by the McCombs School of Business' Energy Management and Innovation Center, seeks to provide an objective, authoritative look at consumer attitudes and perspectives on key energy issues. It is designed to help inform national discussion, business planning and policy development. Conducted biannually, the online poll rates leadership on energy issues, measures consumers' energy priorities, and tracks knowledge and energy consumption behaviors. The poll is a collaborative effort of academics, polling experts, nongovernmental organizations, large energy users and energy producers.

The University of Texas at Austin Energy Poll reflects the views of 2,371 Americans surveyed during March 5-16, 2012. The data were weighted using U.S. Census Bureau figures, as well as propensity scores, to ensure the sample's composition reflects the actual U.S. population.

For more information, contact: Renee Hopkins (renee.hopkins@mcombs.utexas.edu), Red McCombs School of Business, 512 471 6746; Megan Mastal (mmastal@insightspr.com), 713-884-5432.

For any query with respect to this article or any other content requirement, please contact Editor at htsyndication@hindustantimes.com

C&J ENERGY SERVICES REPORTS ACQUISITION BY VP COILED TUBING MCCOY (Texas)

US Fed News (USA) - Thursday, April 12, 2012

WASHINGTON, April 12 -- C&J Energy Services Inc. (CJES), Houston, has filed a Form 4 with the Securities and Exchange Commission noting the change in the beneficial interest held by VP for Coiled Tubing Michael A. McCoy, Houston. On April 9 the action involved acquisition of 40,000 employee stock options as a result of right to buy. McCoy now owns 40,000 employee stock options directly. C&J Energy Services Inc. is a provider of hydraulic fracturing and coiled tubing services. The company provides its services in conjunction with both conventional and unconventional well completions, as well as workover and stimulation operations for existing wells. For any query with respect to this article or any other content requirement, please contact Editor at htsyndication@hindustantimes.com

BRIEF: ODNR issues permit for a Utica Shale well

Vindicator (Youngstown, OH) - Thursday, April 12, 2012

Author: Vindicator, Youngstown, Ohio

April 12--YOUNGSTOWN -- The Ohio Department of Natural Resources has issued a new permit for a Utica Shale well to Chesapeake Exploration LLC, a subsidiary of Oklahoma City-based Chesapeake Energy Corp.

The permit is for a well in Lisbon on Laughlin Mill Road near Trinity Cemetery.

The horizontal well will extract resources by means of fracking, a process in which water, chemicals and sand are blasted into rocks thousands of feet below the ground to unlock natural gas and oil.

No Mahoning Valley wells currently are producing dry gas, wet gas or oil commercially, according to ODNR records.

The wells bring the tri-county area's permit count to 37. There are permits for 28 wells in Columbiana County: seven in Hanover Township; four each in West, Franklin and Middleton townships; three in Washington Township; two each in Elk Run and Madison townships and one in Knox Township and Lisbon.

There are permits for nine Utica wells in Mahoning County: seven in Goshen Township and one each in Milton and Ellsworth townships.

There are no Utica Shale well permits for Trumbull County, the ODNR said.

Memo: --- (c)2012 Vindicator (Youngstown, Ohio)

FRACKING JOB FAIR DRAWS BIG CROWD - FIRST IN NEW YORK: GAS DRILLING INDUSTRY AWAITS LIFT ON STATE BAN

Watertown Daily Times (NY) - Thursday, April 12, 2012

Author: Associated Press

People lined up early for New York's first job fair in the shale gas-drilling industry, as prospective employers pinned their hopes on the state lifting a four-year-old ban on hydraulic fracturing for natural gas.

Even ahead of the 3 p.m. start at Broome Community College, job seekers and exhibitors gathered outside the doors. Business reps ranged from titans of the oil and gas industry to scientists, wetland specialists and experts on construction site erosion control.

The college is in the sweet spot of the Marcellus Shale region, a gas-rich formation that underlies parts of New York, Pennsylvania, Ohio and West Virginia.

"I'm optimistic in saying the industry will be working in New York state fairly soon," said Broome County Legislator Steve Herz, an event organizer.

Horizontal drilling and high-volume hydraulic fracturing, or fracking, made it economically feasible to extract oil and gas from the shale. But in New York, concerns about potential contamination of New York City's water supply led to a ban in 2008, pending revised regulations to address the impacts of fracking. The method unlocks the gas by fracturing the shale with an injection of water mixed with chemicals and sand.

And even if drilling is allowed in the state, the industry is already seeing retrenchment as supplies near capacity and prices fall to a 10-year low.

Still, companies and workers in the state's Southern Tier are benefiting from the boom 20 miles south of Binghamton in Pennsylvania. Thousands of wells were drilled in that state since Marcellus Shale exploration began there about five years ago.

"Neil Guiles of Vestal Asphalt is a perfect example of a New York company benefiting from what's happening in Pennsylvania," Herz said. "His business has tripled, and he's made major capital investments."

New York counties along the state border are reaping benefits. Chemung County Executive Thomas Santulli said the county has avoided property tax increases for seven years and leads the state in the growth of sales tax and hotel tax revenue, thanks to Pennsylvania gas workers filling the county's hotels, bars and stores.

While industry proponents tout the economic benefits of shale gas drilling, broad opposition paints a bleak picture of adverse health impacts, an industrialized landscape and a boom-bust economy.

Broome County Executive Debra Preston acknowledged the controversy, with some towns enacting bans against it, but said she remains confident the state Department of Environmental Conservation will complete its review and allow some shale drilling to begin this year.

"It's really going to help all the businesses in the region, from hotels and restaurants to places like Lowes, Home Depot, and clothing stores," she said at the job fair.

Fracking mud dumping raises hackles Dumping of fracking mud raises hackles

Fort Morgan Times (CO) - Wednesday, April 11, 2012

Author: DAN BARKER Times News Editor

In reaction to what appears to be dumping of mud used in hydraulic fracturing for oil wells, some Morgan County residents complained to the Board of Morgan County Commissioners Tuesday that they had not been notified when a parcel of land near their homes was rezoned for commercial use.

They live north of Interstate 76 and south of Highway 144 on the west of Log Lane Village. They said it appears that a nearby business is dumping mud used for fracking on a piece of land that was rezoned commercial property in 2008.

Resident Ted Curtis said he worried about what might happen to the groundwater under that area, and said that he had not been aware of the change.

He said he thought homeowners were supposed to be notified when there were changes of this kind, but he had not been directly notified, and his neighbors had said they had not been notified.

The property had been rezoned to commercial during a large-scale overhaul of the zoning in 2008, said Andy Blake of the Morgan County Planning and Zoning Department.

An announcement had been put in The Fort Morgan Times, but it was impossible to individually notify every landowner when doing a project of that size, he said.

The property of the complaining residents was not directly affected, Blake noted.

An agricultural property south of the area in question was changed to commercial at the request of the owner. During wide-scale rezoning, individuals can request rezoning as a part of the process.

The process is a little different from when an individual requests rezoning individually, outside of a countywide rezoning, said board Chairman Tony Carlson.

In an individual circumstance, if a person requests a zoning change, neighbors are notified of the request. However, that does not happen in a countywide rezoning, he said.

The county published the changes in the newspaper as required by law, and that is all that is currently required, Carlson said.

Morgan County Commissioner Laura Teague said she appreciated the residents' concerns, but the board cannot just go back and change what was done without opening up the whole zoning process again.

That means the county has to move on from what it has now, Carlson said.

Curtis said he hoped in the future the county will directly notify people who would be affected by a change near their property.

He said that since regulations do not allow those doing fracking to dump the mud used at the well sites, the mud is being dumped here, which is worrisome.

Blake said the county does not have specific regulations on dumping or storage of fracking mud.

If the residents wanted to make a complaint about the mud, they might want to contact the Northeast Colorado Health Department, Teague said.

Teague also said that zoning regulations need some clarification, which will happen in the future. She said that the current board would make a point of contacting landowners adjacent to property which would have its use changed.

However, the former board thought the public was adequately notified, Teague said.

The county probably does need to address fracking mud dumping, she said.

Resident Phil Pascoe said he did not object to the commercial venture as such, but said the failure to directly notify the neighbors gives the appearance that the commercial site was trying to sneak in.

"We really need to know," Pascoe said.

-- Contact Dan Barker at business@fmtimes.com.

From Pennsylvania Waste To Ohio Quakes

National Public Radio - Wednesday, April 11, 2012

Show: All Things Considered

ROBERT SIEGEL: Ohio has been conducting its own investigation into whether underground waste wells are causing a recent surge in quakes there. The waste water is being shipped to Ohio from Pennsylvania, which is in the midst of a natural gas drilling boom. As Scott Detrow of member station WITF reports, Ohio regulators are looking for a way to cut down the risk of potential quakes.

(SOUNDBITE OF MACHINERY)

SCOTT DETROW: What do you do with a truckload of salty, chemical-laden water? If you can't recycle it, the Environmental Protection Agency prefers you dump it deep underground, into an injection well. That's what's happening here in Ohio, as a truck unloads natural gas drilling wastewater at an Akron-area site. This scene repeats itself throughout the day at the six injection wells R.C. Pander's company operates.

R.C. PANDER: Then we've got a bag filter vessel here that once they hook up, they unload...

SCOTT DETROW: This waste is a mix of water, sand, salt and chemicals. It's what's left over from hydraulic fracturing. Injection wells like this one have been in Ohio for decades. Last year, Ohio well operators took in 12 million gallons of drilling waste and shot it into porous rock formations. Pander's wells take in between four and 5,000 barrels of waste each day, though the number is on the rise.

R.C. PANDER: And that goes back to fracking.

SCOTT DETROW: Before, drillers would use something like 15,000 gallons of water to frack an oil well in central Ohio. Natural gas drilling in the Marcellus Shale can use up to four million gallons at a time. Many Western Pennsylvania drillers are sending their waste to Ohio, since Pennsylvania doesn't have the geology to drill its own injection wells. Ohio netted more than \$1.5 million in fees from the practice last year. But the Ohio wells have come under scrutiny lately, because one of them may have caused 12 earthquakes last year. Diane Slender was at her home near Youngstown the afternoon of December 31st.

DIANE SLENDER: And I was in the bedroom and this big ba-boom. My husband thought I fell. And he's like, are you all right?

SCOTT DETROW: Linda DeProfo works alongside Slender in a Girard, Ohio, candy shop. She felt the quake, too.

LINDA DEPROFO: We heard the boom, and the front window was shaking back and forth. And we didn't know what it was, until, you know, took a couple of minutes and then we realized it was another earthquake.

SCOTT DETROW: The New Year's Eve quake, a 4.0, was the second within a week and the 12th since March. Ohio's Department of Natural Resources says a deep injection well likely caused the tremors. It turns out, the drillers may have been injecting brine and fracking waste directly onto a fault line nobody knew was there. Rick Simmers, who heads the Department of Natural Resource's drilling division, maintains injection wells are the safest way to get rid of drilling waste.

RICK SIMMERS: If indeed it did cause the earthquake, the rarity of that kind of occurrence is so great. And other methodologies can be used to help eliminate even that rare potential, that it's still a very safe process.

SCOTT DETROW: The state has released a preliminary report on the quakes and is moving ahead with new regulations. The Youngstown well was more than 9,000 feet deep - much deeper than most other injection sites. Ohio won't let wells drill to that level anymore. That's because the deeper you go, the more powerful the rock formation can be, if it has a fault. Ohio will also require more tests before new wells are drilled, to make sure the ground is stable. The state has put an unofficial moratorium on permits for new injection wells, as it investigates the quakes. And that frustrates R.C. Pander, who operates those Akron-area wells.

R.C. PANDER: If you've got a car that has a problem with it, does that mean we should take all the cars off the road and go back to horse and buggy? And we need to address the issue at hand. In this case, we need to find out what's going on with that well and take corrective action.

SCOTT DETROW: But isolated or not, the earthquakes have people spooked. Diane Slender, the woman who was at home during the earthquake, says she's still skeptical.

DIANE SLENDER: Everybody wants the jobs. But then you have to worry about, you know, what comes along with it. So I guess we'll have to wait and see what happens.

SCOTT DETROW: People are waiting for a final report from state regulators, as well as the next earthquake. For NPR News, I'm Scott Detrow.

ROBERT SIEGEL: That story came to us from StateImpact, a collaboration between NPR and member stations, exploring how state issues affect people's lives.

Quakes Caused By Waste From Gas Wells , Study Finds

National Public Radio - Wednesday, April 11, 2012

Show: All Things Considered

ROBERT SIEGEL: From NPR News, this is ALL THINGS CONSIDERED. I'm Robert Siegel.

AUDIE CORNISH: And I'm Audie Cornish. The oil and gas industry is creating earthquakes. The U.S. Geological Survey will soon confirm that with new data from the Midwest. Researchers also found that these manmade quakes are happening more often than originally thought. They've briefed NPR's Christopher Joyce on their findings, and he has this report.

CHRISTOPHER JOYCE: Press your hands together as if you're praying. Where the palms meet is a fault. Push them together and they'll stay together. But if you push one hand forward hard enough, bam, they slip. That's an earthquake. Some force pushes the fault out of balance, and it slips. There's stress on innumerable faults like this on our continent, but seismologists like Bill Ellsworth, from the U.S. Geological Survey, started seeing something odd about 12 years ago.

BILL ELLSWORTH: One thing we had begun to notice was there were an unusual number of earthquakes occurring in the middle of the country.

CHRISTOPHER JOYCE: Not a place known for quakes. They were small, usually just over Magnitude 3. Then, in 2009, the shaking got much more frequent.

BILL ELLSWORTH: After that time, things really began to take off. That was really what caught our attention. It is really quite surprising.

CHRISTOPHER JOYCE: Surprising, in that in 2009, there were 50 quakes a year in the mid-continent, 87 the next year and 134 last year. This is so unusual that Ellsworth and other seismologists suspected it wasn't natural - they suspected the oil and gas industry. Gas drilling is on the rise around the country,

especially hydraulic fracturing . Hydrofracking uses billions of gallons of water a year to crack deep rock and release natural gas. Some have suspected that fracking was causing quakes, but evidence in several parts of the country points to waste water wells, where companies dump used frack water. Ellsworth thinks his data confirm that.

BILL ELLSWORTH: We find no evidence that fracking is related to the occurrence of earthquakes that people are feeling. We think that it's more intimately connected to the waste water disposal.

CHRISTOPHER JOYCE: Ellsworth says most of these new quakes are clustered around places where there are waste wells. Waste wells have been around for decades. In fact, there are tens of thousands of waste wells in the country - but very few quakes. But what's changed is that the gas industry is using and disposing of more water. Waste wells are often deeper than gas drilling wells. They go down into basement rock where faults are more common. And while the quakes are small, Ellsworth says they can happen anywhere.

BILL ELLSWORTH: There are stresses that can produce earthquakes basically everywhere in the crust. And in most of the regions of the U.S., earthquakes don't happen because the stresses are not changing. But if we have a way of unlocking them, such as by pumping fluid into an area where there is a preexisting fault, it's possible that we can trigger earthquakes.

CHRISTOPHER JOYCE: These waste wells are filled with water pumped down at very high pressures. Seismologist Cliff Frohlich, at the University of Texas, says that water affects a fault the way air does a puck in an air hockey game.

CLIFF FROHLICH: The minute you put air on, it floats - the puck still weighs the same, but there's no friction that keeps it from going horizontally. The same thing can happen on a fault.

CHRISTOPHER JOYCE: The high water pressure basically separates a fault that's locked in place; the fault moves and creates a quake. The more scientists study these manmade quakes, the more they find. Frohlich has studied a swarm of 183 small quakes near Dallas that took place in 2008 and 2009. That's right next to one of the largest oil and gas plays in the country. And Frohlich suspects that it's not just waste wells creating quakes. In some areas, the amount of oil and gas taken out of the earth has changed the local geology. He looked at two quakes near the town of Alice, Texas - one in 1997, the other in 2010. Since the 1930s, the area has produced 100 million barrels of oil and nearly three trillion cubic feet of gas.

CLIFF FROHLICH: Sometimes quakes caused when you remove things from underground. I mean, there are quakes related to mining - you're changing the stress field with the material you remove, and that puts stress on a fault, and you get an earthquake.

CHRISTOPHER JOYCE: Frohlich notes - somewhat reassuringly - that so far, manmade quakes have not been any bigger than natural earthquakes in a region. Christopher Joyce, NPR News.

OUR VIEWS - HYDRAULIC FRACTURING SEEN AS A POSSIBLE CAUSE - Certainly a bad idea to leap to quake conclusions

Oklahoman, The (Oklahoma City, OK) - Wednesday, April 11, 2012

WE like our scientific conclusions to come with a high degree of certainty, but smart scientists know better than to flatly declare that the earth is round until they're darn sure that it is round.

A new conclusion about seismic activity says that man is "almost certainly" responsible for a spate of recent earthquakes in Oklahoma and elsewhere. This is not a certainty, mind you, but an "almost" certainty. That's enough for political activists to seize on the conclusion, tie the earthquake outbreak to hydraulic fracturing and strike another blow for environmentalism.

Some isolated earthquakes may be related to saltwater injection, a byproduct of fracturing, but that's only a supposition at this point. To conclude that a swath of earthquakes across America is attributable solely to oil and gas activity is a seismic leap.

Cited as part of the conclusion is the record number of quakes and the record size of the central Oklahoma earthquake last year. "Record" is the key word here, as it is in the debate over climate change. In 2011, Oklahoma had the hottest summer on "record" and this was "almost" certainly a result of climate change, which was "almost" certainly caused by humankind.

Problem is, climatological events and geological events go back millions of years (of that we are "almost" certain, while allowing others to believe in a younger earth). We don't know how hot it was in Oklahoma just 200 years ago because records weren't kept. We don't know how many earthquakes were recorded in Oklahoma 500 years ago because there was no way to measure them.

We do know that earthquakes - and hot summers - have been experienced since humans have walked the earth and we are truly certain, not "almost" certain, that people didn't cause this throughout history.

A U.S. Geological Survey study has concluded that deep-injection wells are the likely source of a dramatic increase in seismic activity: "A naturally occurring rate change of this magnitude is unprecedented outside of volcanic settings or in the absence of a main shock ... While the seismicity rate changes described here are almost certainly man-made, it remains to be determined how they are related to either changes in extraction methodologies or the rate of oil and gas production."

So, these scientists are "almost" certain that man is responsible for the earthquakes but less than certain about how we're responsible. For the anti-fossil fuel activists, the two things can't be separated. Earthquakes are increasing. Fracking is increasing. Ergo, fracking is causing earthquakes. To stop the earthquakes, we must stop the fracking !

We'd like a little more certainty in the link between earthquake frequency and fracking activity before concluding that a decades-old technique is suddenly rocking the universe and needs to be stopped. We've all seen what's happened with climate change and how the "almost" certainties in that area are incorporated into expensive and sometimes radical public policy.

That train has left the station, however. With earthquakes and fracking , let's move our knowledge a little farther down the track before we derail the economy over an "almost" certain belief.

Caption: To conclude that a swath of earthquakes across America is attributable solely to oil and gas activity is a seismic leap. Pictured is a Chesapeake Energy natural gas well site near Burlington, Pa. AP FILE PHOTO

Memo: EDITORIAL

COURT TO HEAR APPEAL OF SHALE DRILLING LAW

Pittsburgh Post-Gazette (PA) - Wednesday, April 11, 2012

Author: Laura Olson, Post-Gazette Harrisburg Bureau

HARRISBURG -- The judicial showdown over the state's new natural gas drilling law begins this morning in Commonwealth Court, where municipal officials will be making their case as to why the statute's provisions regarding zoning rules and chemical confidentiality are unconstitutional.

Some observers believe that may be a steep burden for the plaintiffs, which include the towns of Cecil, Peters, Mount Pleasant and Robinson in Washington County, South Fayette in Allegheny County, as well as Bucks County officials, a Monroeville doctor and environmental activists.

They argue that the new law, which goes into full effect on Saturday, limits their ability to craft local zoning ordinances that adequately protect their residents.

The standardized rules for towns would allow shale gas drilling activity and compressor stations in some currently prohibited areas, which the officials allege will infringe on the rights of residents and discourage new development.

The act gives towns 120 days to update their ordinances if they are not in compliance, although some

attorneys and local officials say that creates a window of uncertainty as to the rules for drillers until updated regulations are in place.

They are seeking an injunction in part to clarify what can and cannot occur as the legal challenge winds through the court system.

"The main thing that [the hearing] can resolve for municipalities is the validation that the 120-day period that the law provides for means something," said Jordan Yeager, a Doylestown attorney involved in the challenge. "They're in this rush to dismantle the local democratic process."

A brief filed by the commonwealth on Tuesday argues in response that the municipalities in the suit have not shown how they would be harmed if the law goes into effect. It describes their legal claims as "nothing more than a broad criticism of the [law's] scope and effectiveness."

In addition to the zoning provision, the law approved in February also allows counties to enact a per-well fee to pay for local and state impacts and overhauls the state's environmental regulations.

This morning's hearing before a Harrisburg judge was scheduled expeditiously in light of the statute's looming effective date. The judge could decide to grant the request to halt the law or could allow the debate over zoning rights to proceed through the legal system without interfering with the statute's timeline.

Several industry operators -- Chesapeake Appalachia, MarkWest Liberty Midstream and Resources, and Penneco Oil Co. Inc. -- as well as the Marcellus Shale Coalition, an industry trade group, have sought to intervene in the lawsuit. A hearing on that request has been scheduled for Tuesday morning.

"I don't think anyone expects the case to be resolved before the 14th," said Mr. Yeager, referring to the law's enactment date.

The key argument for the challengers may be proving a constitutional issue with the law, said Ross Pifer, director of the Agricultural Law Resource and Reference Center at Penn State's Dickinson School of Law.

The local officials have claimed in part that the new law conflicts with the state's existing Municipal Planning Code, which governs local land use. Both are state statutes, and lawmakers do have the right to update earlier laws, Mr. Pifer said.

A broader constitutional claim may be needed, he said. "The mere fact that rights granted to a municipality have been taken away likely won't be enough."

Still, the Corbett administration is cautiously eyeing the challenge to the law they spent months negotiating in private meetings with Republican legislative aides.

Asked if he was concerned about the lawsuit's hearing, Gov. Tom Corbett on Tuesday said: "Anybody who doesn't get concerned about litigation is making a mistake."

"We're going to watch [the lawsuit] very carefully," he said, following a tour of a custom millwork and casework company, Giffin Interior and Fixture Inc. in Bridgeville. "I wouldn't say I'm concerned about [the lawsuit]. But I believe the law is constitutional and I believe the law as the Legislature wrote it will prevail."

He said he was unfamiliar with litigation regarding a provision that would prevent doctors from disclosing certain proprietary chemicals used in hydraulic fracturing that they may gain knowledge of in the course of treating a patient.

The challenge alleges that the ability of doctors to properly treat their patients is compromised because of the nondisclosure requirement. Mr. Corbett said he's "not familiar enough with the details of the legislation personally to get into making speculation or comment about it."

Memo: Bureau chief Laura Olson: lolson@post-gazette.com or 1-717-787-4254. Sean Hamill contributed.

Drilling advocates warn fracking bans will be costly

Record, The (Troy, NY) - Wednesday, April 11, 2012

Author: Kyle Hughes NYSNYS News

ALBANY, NY (April 11) - Facing a wave of local government bans on hydrofracking, advocates of opening up New York state to shale gas mining warned today that such efforts expose taxpayers to "legal quicksand" in the form of costly litigation and lost jobs.

"These local municipalities are going to be on the hook for pretty significant legal bills in defending these statutes, probably for years," said Robert Alt of the Ashbrook Center, during a conference call with reporters set up by the pro-fracking group Clean Growth Now. "The litigation in these cases is probably going to stretch out for years."

"Notwithstanding early legal successes, they still are legally vulnerable," he said of the Town of Dryden in Tompkins County and the town of Middlefield in Otsego County. Fracking opponents have won in lower court decisions that are now being appealed. Alt said the legal question comes down to whether the state or local governments have the power to regulating mining.

"Localities don't have the ability to regulate," Alt said, saying rules laid down by the Court of Appeals permit incidental zoning regulation but not the kind of overarching bans enacted by Dryden, Middlefield and dozens of municipalities in New York state. Fracking opponents say they are confident the bans will be upheld by appellate courts, though they admit the rulings in their favor were the first round of a protracted fracking fight.

"You have localities that have made it clear that they are doing it not as part of the more general zoning plan, but in order to regulate fracking," Alt said. "A number of the statements quite frankly, if you look at the intent of the town councils, clearly showed that they were concerned about some of the issues with regard to safety and environmental concerns and so forth. But those concerns are expressly delegated to the DEC by the state of New York. Again, even if that weren't the law, it seems to make policy sense. The DEC has much greater expertise on these particular questions. They've done a lot more fact finding. They have submitted this for what, I think over 14,000 comments. They've had the ability to sort of make the reasonable determinations to assure both safety and efficiency with regard to the operation of gas extraction in New York."

Beside the challenge to the legality of the local laws and the cost of defending them, Alt and others participating in the call said that the bans hurt New York's economic competitiveness.

"The (Marcellus shale) reserves are significant enough that the industry is going to be here, if we allow it to come, for many, many decades," said Brian McMahon of the New York State Economic Development Council, who also briefed reporters. "We have been drilling oil and gas in New York State for over 100 years and the industry is still here ... There is no reason that I have seen to think that this is a short term economic phenomena. This is a long term economic gain for the state, for the citizens, for taxpayers, for landowners."

DEC has set no deadline for a decision on permitting hydrofracking, and protesters came to agency headquarters in downtown Albany Tuesday to protest. They said the agency is under pressure to go along with hydrofracking, something Gov. Andrew Cuomo denied in a radio interview today.

"The facts would suggest the exact opposite," Cuomo said on WCNY's The Capitol Pressroom, which is heard statewide on public radio. "DEC has been very deliberate ... They are in the midst of a second review and they are taking a lot of time as they should to go through many comments that they've received to come up with a factual, non-political, science-based document, and that's exactly what they are doing."

Utica drillers get gas aplenty, but its value unclear - Data don't show how much higher-potential 'wet gas'

has been produced by first wells

Crain's Cleveland Business - Monday, April 9, 2012

Author: DAN SHINGLER ; dshingler@crain.com

Now that the state of Ohio has published its first installment of shale gas production numbers, we're going to find out if the Utica shale gas boom is all that it's cracked up to be.

Or maybe not.

The initial numbers reveal that the state's current system does not adequately track what's coming out of the ground or what it's worth - and that's already causing confusion over production results, according to the Ohio Department of Natural Resources, which issued the figures on April 2.

"The numbers, based on a six-month period, are very encouraging - but only the operator would know what the actual potential is so far," said ODNR spokesman Carlo LoParo.

It's not a question of how much gas is coming out of the ground. Everyone paying attention is applauding the volume of gas produced by the first efforts to employ "fracking," or hydraulic fracturing drilling methods, to the Utica shale beds about a mile and a half under Ohio's surface.

One well alone - the already industry-famous Buell Well in Harrison County - is producing gas 300 times faster than any traditional well in the state, Mr. LoParo said. That well produced more than 1.5 billion cubic feet of gas in its first 198 days of production, according to state records - an amount valued at about \$3.3 million.

But drillers didn't come here just for the gas that is burned in homes and businesses. That's known as "dry gas," and the price of it has fallen so much that it's hardly worth going after, say many in the gas industry.

Dry gas recently has been selling for less than \$2.25 per thousand cubic feet (MCF), but industry estimates for the cost of getting it range from about \$1.80 to as much as \$4 per MCF, depending upon drilling conditions and other factors.

It's Ohio's "wet" gas that drillers really want because it yields both gas and other valuable liquids. When drillers began moving rigs from Pennsylvania and other places to Ohio last year, companies such as Chesapeake Energy Corp. said they were shifting resources because the Utica shale contained wet gas, which includes ethane, butane and other ingredients more valuable than the gas itself. Most are vital feedstocks to the nation's chemical and plastics producers.

But Ohio doesn't track wet gas, Mr. LoParo said. It only requires drillers to report how much gas and crude oil they bring up in total and does not require them to report dry and wet gas separately the way most other gas-producing states do.

The lack of more refined numbers already might be causing problems when it comes to interpreting Ohio's production data.

What's up, dude?

Mr. LoParo said ODNR has been impressed with the production numbers that have been reported to it so far.

Chesapeake says it's also pleased.

"The preprocessing, wellhead results from our initial drilling in the Utica Shale that were reported by the ODNR continue to fuel our optimism for future production from the play," Chesapeake director of corporate development Keith Fuller said in an April 4 email to Crain's.

But Mr. Fuller's statement came with a caveat: "The data reported, while promising, (are) still very limited and only a small part of the information needed to gauge the potential of the entire formation."

Securities analyst Bob Brackett, who follows Chesapeake for New York-based Bernstein Research, had a less optimistic take after digesting production numbers from Ohio. He titled his April 2 report "Quick Take - Dude, Where's My Liquids? Early Utica Results Fail to Wow."

Mr. Brackett questioned whether Chesapeake was getting as much gas with ethane and other wet gas components as had been hoped or promised. He noted that the data were incomplete and sparse, with only five wells reporting, but he nonetheless concluded that "today's data release suggests ultimate production results out of the Utica have the potential to disappoint" in terms of wet gas production.

Big incentive to change

Chesapeake declined to comment on Mr. Brackett's report, or on its own wet gas production specifically, but Mr. LoParo said estimates like Mr. Brackett's don't mean much yet, because there isn't enough data.

That's one reason, Mr. LoParo said, that Ohio Gov. John Kasich wants to change the state's regulations to require drillers to specify how much dry and wet gas they extract. Such information would make the value of the state's shale gas more transparent to everyone, Mr. LoParo said.

There's also another reason for the state to make the change, Mr. LoParo added. Unless it does, Ohio won't be able to tax those valuable components that are processed from its wet gas, and could miss out on millions in revenues.

"That's the current concern," Mr. LoParo said.

As for whether Ohio's gas is wet enough or will be produced in sufficient volumes, Mr. LoParo said ODNR and its geologists are not concerned.

"Both (wet and dry gas) are very promising, and we estimate that the liquid gases are promising," Mr. LoParo said.

Oklahoma Corporation Commission recommends mandatory disclosure of hydraulic fracturing fluids

Journal Record, The (Oklahoma City, OK) - Friday, April 6, 2012

Author: Sarah Terry-Cobo

Mandatory disclosure of chemicals used in the process of hydraulic fracturing is important, and Oklahoma needs to make a statement on the issue, the chairwoman of the Corporation Commission said. Dana Murphy, a self-proclaimed farm and ranch girl, discussed recent changes to oil and gas regulations to a group of 183 members of the Canadian County Mineral Owners Association at a meeting March 27 in El Reno.

Hydraulic fracturing, the process of injecting highly pressurized water, sand and chemicals into underground rock formations in oil and gas drilling, has been done safely for decades, she said. But it only takes one situation for the Environmental Protection Agency to become involved in regulating this process.

"It really behooves us to do things right," she said.

On March 16 the OCC approved rules to mandate disclosure of hydraulic fracturing fluids through the website at FracFocus.org, adding Oklahoma to a short list of states to do so. The process of hydraulic fracturing, commonly referred to as fracking, along with advances in horizontal drilling, is credited with the massive boom in oil and gas drilling in the United States. Environmentalists remain skeptical about the chemicals used in the process, and are concerned about possible contamination of drinking water.

Oil and gas industry groups said there have been no documented cases of pollution related to this

process. The EPA is currently studying the effect of fracking on groundwater, and expects a first report by the end of the year, according to the agency's website.

The rules are still awaiting approval from the state Legislature, which may or may not deal with this political hot potato before summer recess. The OCC has been able to get chemical information from oil and gas producers and service providers for years, said Lori Wrotenbery, OCC director of the Oil and Gas Conservation Division. The new rule complements the existing authority, she said.

"The commission is addressing through this rule-making the desire of the public for information about the chemicals that are being used in hydraulic fracturing operations," Wrotenbery said.

With condition

The OCC began visiting with interested parties in August, circulated an informal early draft in January and held two technical conferences before the commission meeting on March 16.

At that meeting, several major oil and gas companies submitted public comments in support of the new rule, including Apache, Chesapeake Energy, Chevron U.S.A. and Devon Energy Corp.

Halliburton Energy Services, one of the nation's largest providers of oil-field services, including fracking, supports the rule with the condition that it would protect trade secrets and proprietary information related to the formula of the fluids used. The company invests hundreds of millions of dollars each year developing innovations in this technology, according to the public comment submitted to the OCC.

"(Halliburton) fully supports the industry's efforts to provide transparency with respect to fluids used in fracture stimulation operations through the FracFocus chemical disclosure registry ... because it provides an appropriate balance between disclosure and protection of trade secrets," Halliburton wrote.

The Mid-Continent Oil and Gas Association, whose members are multistate operators, said in a public comment to the OCC that it supports the rule-making and agrees with Halliburton's suggestions.

Environmental Defense Fund, a New York-based group, said the decision to use FracFocus is sensible, according to its public comment to the OCC. The site has a proven track record, is available at no cost to Oklahoma taxpayers, and has a simple and consistent interface that is easy for the public and multistate operators to use, the group wrote. It disagreed with Halliburton's suggestion, writing that it would weaken the disclosure rule.

"Our concern is, under the proposed alteration, it could be difficult or even impossible to challenge an operator's claim of trade secrecy even in circumstances where the claim was unfounded," the EDF wrote. "An operator could claim every chemical as a trade secret without being in literal violation of this product."

In addition, EDF said it was concerned about first responders having access to information about chemicals at a well site.

The Oklahoma Chapter of the Sierra Club also approved of the OCC's rule-making, with some reservations. Use of the FracFocus website is definitely a step in the right direction, said David Ocamb, chapter director.

"The key issue is transparency, so records can be searched and you can find the chemical information that you are looking for," Ocamb said.

One change the chapter suggested was improving the FracFocus website to allow a search by chemical name. Ocamb said they would also like to see disclosure of chemicals before wells are fracked, so to enable water testing before and after a well is completed.

Mike Paque is the executive director of the Ground Water Protection Council, a nationally focused organization based in Oklahoma City. His company worked with the Interstate Oil and Gas Compact

Commission to develop the FracFocus site. He said the website is still in its initial stage, and a second version is in development and will be launched later this year.

"We're working to achieve increased searchability and make it easier for operators to submit the data," Paque said.

Some groups supported the disclosure, but disagreed with the mandate to use the FracFocus website. They included the state industry trade group Oklahoma Independent Petroleum Association and Continental Resources. In public comments, both wrote that the OCC is the most appropriate agency for collecting and maintaining this data.

The revised rule will mandate disclosure, but allow operators to either use the FracFocus website or submit documents directly to the OCC. Staff members of the commission would then publish the data on the FracFocus website.

Nearly all the public comments submitted lauded the use of the third-party website for disclosure. Oklahoma Secretary of Energy Michael Ming also supported FracFocus.

"The importance of utilizing an existing database cannot be overstated," Ming wrote in a public comment. "We do not need to reinvent the wheel. FracFocus.org is a well-functioning mechanism that enables chemical disclosure to move forward expeditiously and in a way that works."

This is particularly helpful for multistate operators, he wrote.

"By utilizing a platform that is relied on by operators throughout the nation, it ensures consistency in reporting expectations and enables the public to consult a common database with inquiries regarding hydraulic fracturing chemicals," he wrote.

Oklahoma is one of 10 states that mandate disclosure of hydraulic fracturing fluids. North Dakota, Montana, Colorado, New Mexico, Texas, Louisiana, Pennsylvania, Arkansas and Wyoming are the others. Several of these states require disclosure through the FracFocus website, Paque said. Six states, Nebraska, California, Kansas, Kentucky and Mississippi, are discussing mandatory chemical disclosure rules, including the FracFocus site, Paque said.

Emphasizing Oklahoma's independent nature, Murphy told the mineral rights owners in El Reno why the state should be in charge of regulating disclosure of fracking fluids. She did not like the idea of federal regulatory agencies becoming involved with oil and gas operations in the state.

"It will change how drilling and development will occur in Oklahoma and in the nation," she said.

OCC recommends mandatory posting of hydraulic fracturing fluid information.

Facing lawsuit, state agency releases drilling documents

Energywire Published: Friday, April 13, 2012

Drilling companies seeking access to the oil and gas beneath Ohio's state parks would have to sign a lease and keep operations at least 300 feet from campgrounds and other attractions, according to documents state officials released this week.

The Ohio Department of Natural Resources shared the proposed leases and an 89-page list of "best management practices" after the Ohio chapter of the Sierra Club sued the agency, demanding the documents' release (EnergyWire, April 12).

The environmental group is worried that energy companies' use of hydraulic fracturing to tap shale resources near state parks will damage the environment and human health.

Chapter manager Jed Thorp said Sierra Club has not yet formed an opinion on the state's plans.

"We want to take the time to read through them thoroughly," he said.

Thorp added that the group will not be dropping its lawsuit against the department because he believes the agency should be held accountable for taking too long to release the records.

"We want them to be more forthcoming, not just to us but to other groups and individuals in the future," Thorp said.

Department spokesman Carlo LoParo said the papers were not ready for release until Tuesday night (Spencer Hunt, Columbus Dispatch, April 12). -- PK

Proposed Air Standards for Fracking Not Cost -Effective, Trade Association Says

By Jessica Coomes BNA

The American Petroleum Institute said April 12 that proposed air pollution standards for fracking operations are not cost-effective and urged the Environmental Protection Agency to make significant changes to the standards before an April 17 deadline to finalize the rule.

The trade association said EPA made incorrect assumptions about the content of volatile organic compounds in natural gas, which led to flawed assumptions about the rule's cost-effectiveness. EPA proposed expanded new source performance standards for the oil and gas industry in July, 2011, including the first federal standards for wells using hydraulic fracturing, or fracking (76 Fed. Reg. 52,738; 146 DEN A-2, 7/29/11).

API sent a letter to EPA Administrator Lisa Jackson, saying the final rule should not regulate wells with a VOC content of less than 10 percent.

"[W]hen the VOC content of gas is low, control measures ... achieve very little VOC emissions reduction and are extraordinarily expensive," according to the letter, which was signed by Jack Gerard, API president and chief executive officer. "Therefore, imposing control measures on low-VOC gas is not practicable and cannot be justified under the Clean Air Act."

Emissions Still Substantial, Groups Say

However, evaluating just the percentage of VOCs in gas does not tell the whole story, environmental groups have said.

"VOC tonnage from these sources is very substantial, and the fact that the VOC is diluted with methane is no reason to exempt the sources from cost-effective emissions controls," the Clean Air Task Force, Earthjustice, the Natural Resources Defense Council, the Sierra Club, and WildEarth Guardians told EPA March 30 in supplemental comments on the proposed rule.

EPA is under a court deadline to finalize the rule as part of a consent decree resolving a lawsuit brought by environmental groups. On April 2, the agency sought and received two additional weeks, until April 17, to consider public comments before finalizing the standards (WildEarth Guardians v. EPA, D.D.C., No. 09-00089, stipulation filed 4/2/12).

The new source performance standards would cover new and modified oil and gas production, processing, transmission, and storage operations. The standards would cover processes and equipment that previously have not been covered by federal rules, including fracking.

The rule also includes national emissions standards for hazardous air pollutants for the oil and natural gas sector. The air toxics standards would cover oil and gas production facilities and gas transmission and storage facilities.

Industry Wants More Time

The new source performance standards require industry to use reduced emissions completions (REC) equipment, also called "green completions" on fracked wells.

Companies use portable equipment to capture excess natural gas that otherwise would be released into the air or flared off, along with water and sand that is released during fracking flowback.

API said in its April 12 letter that REC equipment will not be available for the whole industry if the final rules goes into effect 60 days after publication, as expected. Instead, the trade association said the REC requirement should be delayed for two years.

The institute said the industry has 300 sets of REC equipment, but that 1,000 new sets will be needed to comply with the rule.

"If EPA required immediate compliance with the REC requirement, the rule will cause substantial delays in most oil and gas development projects," API wrote.

Environmental Groups Counter Argument

The environmental groups also countered this argument.

"This industry has, in the past few years, very rapidly ramped-up its production, gathering, processing, and transmission infrastructure," the March 30 comments said. "REC equipment, which comprises a series of mechanical tanks and traps, is not complex—arguably it is far less complicated than the compressor stations and pumps that industry is so rapidly deploying."

For More Information

The April 12 letter from the American Petroleum Institute is available at <http://www.api.org/~media/Files/News/2012/12-April/OGAdministratorLtr.ashx>.

The March 30 comments from environmental groups are available at <http://op.bna.com/fcr.nsf/r?Open=jcos-8tap75>.

Enviros in N.Y. hit back, demand state review of liquid propane

Colin Sullivan, E&E reporter Energywire Published: Friday, April 13, 2012

Environmental groups opposed to hydraulic fracturing in New York yesterday demanded that the state review the viability of liquid petroleum gas as a fracking agent, saying the approach raises as many issues as other kinds of shale development.

Fifteen groups sent a letter to the head of New York's Department of Environmental Conservation, Joseph Martens, in an effort to force the state into a thorough review of liquid petroleum gas (LPG), which is also known as liquid propane.

The letter comes in reaction to a partnership formation meant to tap into Marcellus Shale gas in western New York. The Tioga County Landowners Association, Houston-based eCorp and Calgary-based GasFrac Energy Services recently inked a deal to explore development there (EnergyWire, March 30).

The partnership says the use of LPG would help to avoid wastewater and waste chemical byproducts, both of which have been the target of green groups opposed to drilling. The partnership has also insisted it would abide by any and all state rules that might come its way.

"We did not choose propane as a fracking agent in order to accelerate development or bypass established public policy," the company said in a recent memo released to the press. "We chose it based upon the merits of its minimal environmental impacts and greater expected ultimate recovery of the natural resource."

Yet the groups aligned against fracking appear to regard that statement as hogwash. The letter sent to Martens argues that the state has not previously evaluated LPG and needs to do so before the Tioga plan can go forward.

The letter also accused the Tioga partnership of trying to bypass a state moratorium against fracking. The

moratorium is under review at the DEC, where the process has lately stalled in deference to vocal opposition in some parts of the state.

"With the exception of the industry, no one knows much about LPG fracking," said a statement attached to the letter. "It's only been around for a couple of years, and it's a proprietary process. But we do know that LPG fracking uses a highly explosive gas as its fracturing agent mixed with dangerous chemicals, has significant waste disposal challenges, and the potential to forever alter the character and health of our communities."

As such, the groups want DEC to undertake "either a supplemental generic or site-specific environmental impact statement prior to well permitting." Signatories include Earthjustice, the Natural Resources Defense Council, Riverkeeper, Sierra Club and a handful of local groups.

An attorney for the landowners group, Chris Denton, did not return a call seeking comment on the letter.

At the DEC, spokeswoman Emily DeSantis has said the agency met with the landowners group and others on the issue. The department's position is it will follow the permitting process set forth in a 1992 EIS but perform additional analysis if needed.

Click here to read the environmentalists' letter.

http://www.eany.org/images/Reports/martens_letter_lpg_04122012.pdf

Sullivan is based in New York.

Doctors fear Marcellus drilling law will impede free flow of medical information

Energywire Published: Friday, April 13, 2012

Public health advocates and doctors near Pennsylvania's Marcellus Shale are attacking a new state drilling law, likening one of its provisions to a gag order and criticizing lawmakers for stripping vital health research funds.

Doctors say they have no research to determine whether drilling activity is causing nearby residents to fall ill, yet Pennsylvania legislators removed annual health research funds from the most extensive update of the state's oil and gas laws in 25 years.

During legislative negotiations, lawmakers inserted a provision requiring doctors to sign a confidentiality agreement in exchange for proprietary information on chemicals companies use to conduct hydraulic fracturing, or fracking.

State officials said the rule is meant to explicitly disclose drilling firms' chemical mixtures, but Pennsylvania medical officials said the requirement leaves them stuck.

"If there's this confidentiality agreement that you need to sign off on, how open are you to share that information, whether directly with the patient, or with the state, or for research?" said Marilyn Heine, a physician and president of the Pennsylvania Medical Society. "There is some ambiguity. The law isn't identifying what the limitations are."

The law, which takes effect tomorrow, imposes an impact fee on drillers, includes stronger environmental protections and requires online fracking chemical disclosure -- with exceptions for chemicals companies deem trade secrets. That exemption is void when health professionals treating a patient who might have been exposed to fracking chemicals request the information.

The Pennsylvania Medical Society says that since the state is granting this exemption, it will have to provide doctors with specific guidance on what they can do with the information. Doctors question whether they will be allowed to write a medical journal article about their patients' cases, inform colleagues or discuss the matter with researchers and regulators.

Patrick Henderson, top energy official for Pennsylvania Gov. Tom Corbett (R), said doctors will be allowed to share the information with patients and those who treat them. He declined to speculate on other situations, saying he would not discuss "potentially endless scenarios."

Henderson said the law is meant to encourage transparency.

"There is no gag order," Henderson wrote in an email. "Quite the contrary, the law seeks to foster health professional access to the information, and implicit in that is the free exchange of information with their patient so they can, together, make informed decisions" (Begos/Rubinkam, AP/Yahoo News, April 11). -- PK

California Moves Fracking-Notification Bill, Weakens Chemical Disclosure

Clean Energy Report Posted: April 12, 2012

California lawmakers this week advanced a bill requiring oil and gas drilling companies planning to carry out hydraulic fracturing operations to notify owners and occupants of property that is adjacent to the project sites. Oil companies strongly oppose the bill, contending it is overly burdensome and would circumvent statutes ensuring confidentiality to protect companies' proprietary information.

If the measure passes, California would become one of a handful of states to pass fracking-notification legislation in recent years, according to officials.

A separate California bill requiring drilling companies to publicly disclose the specific chemicals and amounts of water they use in fracking operations was scaled back this week to allow companies to keep certain information secret and to delete the water-reporting provisions.

California's regulation of fracking is being closely watched by numerous government officials and stakeholders, given in part that policymakers are increasingly concerned the extraction process may pose a contamination threat to underground water supplies.

The state Senate Natural Resources & Water Committee April 10 passed the fracking-notification bill SB 1054 by Sen. Fran Pavley (D). The bill, which is sponsored by the Environmental Working Group, is scheduled to be heard next by the Senate Environmental Quality Committee. The bill requires that for fracking a well, "the well owner or operator must provide notification 30 calendar days in advance of undertaking operations to surface property owners and occupants within 300 feet of the wellhead or within 300 feet of the horizontal projection of the subsurface portion of the well to the surface or who live above a clean water aquifer that the well pierces," according to a committee analysis of the bill. "Both advance notification of the fracking of exploratory wells and annual reports to the Legislature on fracking notification are required."

Notification must include information about where the well is located, a description of drilling or fracking, when drilling or fracking will occur and how to find out more information. Water suppliers and local governments must also be notified, and a list of neighbors notified would be provided to state oil and gas regulators, according to the analysis. The bill also includes the same notification requirements for any oil and gas drilling operations, with companies required to provide notice 20 days in advance of operations.

Oil industry lobbyists during this week's committee hearing objected to the bill's provisions. Paul Deiro, a lobbyist with KP Public Affairs representing the Western States Petroleum Association, said the notification requirements would be "very difficult" to meet in some cases, in part because the special equipment needed to drill may not be available in a 20-day window. In addition, Deiro argued that the bill "ignores existing confidentiality status we have in existing law," explaining that if a company discovers oil after drilling a well it usually submits a petition for well confidentiality with state regulators. "This bill would circumvent that," Deiro said, allowing proprietary information to be exposed among "very competitive" companies.

Pavley responded that new amendments to the bill approved by the committee "take care of some of that concern" about confidentiality.

Deiro added that the industry has been “fracking in California for over 50 years, and not one case of underground water contamination” has occurred.

Blair Knox, representing the California Independent Petroleum Association, echoed Deiro's comments during the committee hearing. Both lobbyists also objected to a provision in SB 1054 that extends the time state regulators have to respond to drilling permit applications from 10 to 15 working days.

Deiro also contended that Pavley's bill is unnecessary because of a separate, pending California bill -- AB 591 by state Assemblyman Bob Wieckowski (D) -- that requires companies to publicly disclose chemicals used during fracking operations. Under new amendments to AB 591 published April 9, the measure requires an operator within 60 days of fracking a well to post detailed information about the operation on the voluntary industry website “FracFocus” and to submit this information to state regulators, Deiro said. The information includes: date of the fracturing; county in which the well is located; well name and exact location; fracking fluid contents; and more, Deiro said.

But Pavley said during the hearing that AB 591 “is not the same at all” as SB 1054, pointing out that AB 591 requires that the information be supplied to state regulators and the public “through a website” and “after the fact,” and that specific amounts of chemicals used are not required to be reported.

AB 591, which is pending in the Senate Appropriations Committee, was relaxed from previous versions through the April 9 amendments, by specifically stating that companies would not have to disclose certain information about chemicals that are “protected as a trade secret,” and by deleting provisions requiring companies to report how much water was used in creating the well and carrying out well activities.

Appears Split Over Bid To Indefinitely Stall EPA Drilling Air Rules

Inside EPA Posted: April 12, 2012

Oil and gas industry groups appear split over whether EPA should indefinitely delay its imminent drilling sector air rules due next week, with some companies backing the rules' release but seeking a lengthy phase-in period while independent drillers want the agency to shelve the rules due to data quality concerns about EPA's emissions estimates.

The Independent Petroleum Association of America (IPAA), a group representing independent drilling companies, in an April 12 letter to White House adviser Valerie Jarrett asks the administration to scuttle the rules until EPA gathers new data, reiterating previous arguments that the agency's estimates of emissions released from hydraulic fracturing are flawed. IPAA does not suggest a new date for releasing the rules, currently due April 17.

The American Petroleum Institute (API), however, has supported release of the agency's new source performance standards (NSPS) and air toxics rules for the drilling sector, though the group -- which represents the oil and gas industry at large -- is urging the agency to include a two-year phase in period for the regulations. The rules would force controls to reduce emissions of sulfur dioxide (SO₂), volatile organic compounds (VOCs) and air toxics.

EPA is required under a revised consent decree with environmentalists to issue the final rules April 17, after winning activists' agreement to extend an earlier April 3 deadline for the rules. At the time the extension was announced, activists said they do not want the agency to use the additional time to soften the rule for industry.

IPAA however argues in the new letter that overarching concerns with the data behind the proposal warrant postponing its release indefinitely. EPA's estimates of emissions from natural gas drilling, which are based on industry--reported data from the agency's voluntary Natural Gas Star program, have been strongly criticized by industry, and some groups, including IPAA, charge that the data should not have been used to inform the proposed regulations because it has resulted in a rule that would impose overly conservative controls on the industry.

“This information has been misused and led the EPA to erroneously conclude that when 'green completions' are not performed, or when flaring is not legally required, methane is otherwise vented into

the atmosphere,” IPAA says in its letter to Jarrett, echoing comments the group made on the proposed version of the rules.

The group argues that the Natural Gas Star information is flawed as a universal picture of the industry because it is based on a limited number of wells that companies have selected as candidates for the voluntary controls because they are worse emitters than others and therefore reducing emissions at those wells would be most cost effective. IPAA says that some reports have shown the estimates overstate emissions by more than 1,400 percent. “As such, IPAA would encourage the postponement of the NSPS rulemaking until accurate data is collected,” the letter says.

While IPAA is generally supportive of API's push for EPA to use an emissions threshold as the basis for triggering strict emissions control requirements, the group also cautions that this will not resolve what it says is a key concern with the proposal: that it would capture conventional vertically drilled wells that are lower emitters of regulated pollutants in addition to horizontally “fracked,” unconventional wells that are the target of the rules.

IPAA urges the agency to exempt vertical wells from the rulemaking entirely, saying the agency clearly developed the rules to include the near-universal installation of so-called “green” completions based on its conclusions about emissions from completions at horizontal wells. “Yet, the EPA would require the same controls for vertical wells drilled by smaller companies where the emissions would be far less,” the letter says.

'Green' Completions

Ahead of the rules' release, activists have urged EPA to follow through on its proposal to require first-time “green” completions -- also known as reduced emissions completions (REC) -- to curb emissions from hydraulic fracturing wells and other drilling wells.

Industry is pushing back, holding several meetings in recent weeks with EPA and White House Office of Management & Budget officials seeking several major changes to the rules, including an exemption from the REC requirement for wells producing gas with less than a 10 percent VOC content, and a two-year phase-in time for the mandate for the rules' various provisions.

To bolster its arguments, API and America's Natural Gas Alliance (ANGA), representing large independent gas drillers, announced April 12 they will work together to better characterize the industry's emissions, and that they expect the study to show EPA is underestimating how many companies already use RECs.

The two organizations have previously issued conflicting statements about the current prevalence of RECs. While ANGA has previously estimated that 93 percent of new fracking wells being drilled by its member companies already use green completion -- a vastly higher percentage than EPA's initial estimate of only 15 percent -- API says the true picture falls somewhere in between.

The level of RECs matters for the rules because one of API's central arguments in favor of delaying the NSPS' application is that not enough pollution control equipment will be available fast enough to put the rule into immediate effect as proposed by EPA.

On an April 12 call with reporters, ANGA chief economist Sara Banaszak downplayed API's and ANGA's previous differences of position on RECs. ANGA's prior study on the issue was “a small survey that was never intended” to represent the whole drilling industry, she said.

Howard Feldman, API's director of regulatory and scientific affairs, said on the call that the drilling industry comprises thousands of companies, many of them small enterprises, and that the true level of REC use nationally is not known. “We think 15 percent is low, 93 percent may be closer to what is going on with large companies,” but many companies are small, Feldman said.

However, while API professes uncertainty on the true number of such “green” well completions, the

organization is again pressing its claim to EPA that not enough equipment will be available at the outset, meaning gas production could be dramatically curtailed. In a new letter to EPA Administrator Lisa Jackson April 12, API again calls for a phase-in period of at least two years, saying that only around 300 “REC sets” of pollution controls currently exist, and over 1000 new sets will be needed “to ensure that the rule can be implemented without unreasonably delaying new well development.”

In the letter, API also reiterates its claim that using RECs at wells producing gas with very low VOC content is uneconomic, and says such wells should be exempt from the REC mandate.

On the call, Banaszak and Feldman reiterated claims that EPA drastically overestimated methane emissions from fracking in its proposal. EPA bases its claim that the rule will not cost producers money on the ability of drillers to sell escaping methane after capture using RECs, but industry contests EPA's estimate of leakage from wells.

“API does believe EPA has overestimated methane. Period,” Feldman said. “What is does is it changes the cost effectiveness. The amount of methane emissions is lower, hence there is less money to be made,” meaning the rule will cost industry “hundreds of millions” of dollars to implement, rather than being a economic boon, he added.

Further, the price of natural gas has fallen considerably since EPA conducted its cost-benefit analysis, again reducing the true economic benefit of the rule, Feldman said.

Drilling Emissions

ANGA's Banaszak said that the group will “imminently” release new data to discredit a recent study by the Environmental Defense Fund (EDF) on drilling emissions. ANGA says EDF relies on figures from EPA known to be flawed, including a 2.4 percent leakage rate from the well to the end consumer based on EPA's 2011 greenhouse gas inventory, and so EDF's study is misleading. The study, “Greater Focus Needed On Methane Leakage From Natural Gas Infrastructure,” appeared in the Proceedings of the National Academy of Sciences Feb. 13.

An EDF spokesman says “all we are doing is using the data that is out there,” and which other groups such as the National Petroleum Council, an advisory body to the Department of Energy, have also used. The point of the study, the spokesman says, is that “methane emissions matter,” and that “there is a need for better, more comprehensive data in order to make judgments about natural gas relative to coal and oil,” referring to uncertainty over whether natural gas as an energy source has higher or lower lifecycle GHG emissions than the other fossil fuels.

EDF says it is working with major drilling sector companies including Anadarko and Shell, in conjunction with the University of Texas, to better characterize fracking emissions, but is unaware of the new industry study being launched by API and ANGA.

Environmentalists pushed EPA to include methane limits in the rule to address the gases' potent global warming effects, but EPA declined, instead proposing to reduce methane emissions by 25 percent as a co-benefit of reductions in VOCs and SO₂. EPA touts industry's ability to capture and sell methane.

Activists are also adamantly opposed to the 10 percent VOC threshold for triggering RECs suggested by API. In an April 9 blog post, David Doniger of the Natural Resources Defense Council says the threshold “is the classic exemption that swallows the rule. It would gut the standards because, as API's own data show, the percentage of VOCs in the pollution leaking from most wells and equipment falls below this arbitrary threshold. Even a lower percentage threshold would exempt thousands of wells and very large amounts of pollution.” -- Bridget DiCosmo & Stuart Parker

Interior Official Notes Earthquakes Linked To Wastewater Wells , Not Oil or Gas Wells

BNA Snapshot BNA Daily Environment Report

Earthquakes, Wastewater Wells, Hydraulic Fracturing

Key Development: The Interior deputy secretary tries to clarify possible links between seismic activity, wastewater injection, and oil and gas wells.

What's Next: The findings of a study on increased seismic activity will be released April 18. By Alan Kovski

A new study on possible connections between wastewater disposal wells and earthquakes prompted an Interior Department official April 11 to offer a clarification on the subject, especially on possible linkages to oil and gas production.

Interior Deputy Secretary David J. Hayes posted a blog entry noting that publication of an abstract of the U.S. Geological Survey study was followed by a flurry of reports that apparently focused on the oil and gas connection.

Hayes lamented that “the accuracy of these media reports varied greatly.”

Increased numbers of earthquakes may in some cases be associated with wastewater disposal through underground injection, but most such quakes are fairly small, rarely causing damage, Hayes said. The subject has been entangled with the issue of hydraulic fracturing, used to create fractures for the subsurface flow of oil or natural gas.

“USGS's studies do not suggest that hydraulic fracturing, commonly known as ‘fracking,’ causes the increased rate of earthquakes,” Hayes said. “USGS's scientists have found, however, that at some locations the increase in seismicity coincides with the injection of wastewater in deep disposal wells.”

More Shale Gas, More Wastewater

Some oil and gas exploration and extraction produces substantial amounts of wastewater for disposal, especially when brine is mixed with the oil or gas that rises to the surface. The increase in shale gas and shale oil development has created a need for more disposal of wastewater, some of which may have traces of the fracturing fluids used in well development.

USGS Director Marcia McNutt testified to a congressional subcommittee in March about the need for more information on seismic activity that appears to be associated with wastewater disposal wells. At that hearing, too, the issue was interwoven with questions about hydraulic fracturing (56 DEN A-9, 3/23/12).

The next study to come out is likely to be the one that triggered the latest flurry of reports that in turn led to the explanatory blog by Hayes. The findings of that study, by a USGS team led by Bill Ellsworth, will be presented April 18 at the annual meeting of the Seismological Society of America, with publication of the study forthcoming, Hayes said.

Report Notes Legal Implications

Concerns about hydraulic fracturing also produced a Congressional Research Service report, Hydraulic Fracturing and Safe Drinking Water Act Issues.

The Environmental Protection Agency is barred by law from using the Safe Drinking Water Act to regulate the practice of hydraulic fracturing, with the exception of instances where diesel fuel is used in the fracturing fluids. Some Democrats in Congress have proposed giving EPA authority to regulate fracturing, but the legislation has not moved forward.

“One implication of regulating hydraulic fracturing under SDWA relates to the SDWA's citizen suit provisions,” the CRS report said. “Section 1449 provides for citizen civil actions against any person or agency allegedly in violation of provisions of SDWA, or against the EPA Administrator for alleged failure to perform any action or duty that is not discretionary.”

The April 10 report then noted, “This provision could represent an expansion in the ability of citizens to challenge state administration of oil and gas programs related to hydraulic fracturing and drinking water.”

When effluents from oil or gas wells are sent to waste injection wells, the effluents do fall under the regulations of the act's Underground Injection Control program. Most oil and gas producing states

exercise primary enforcement authority for injection wells associated with oil and gas production, the CRS noted.

For More Information

The blog post on earthquakes, wastewater wells, and hydraulic fracturing is available at <http://on.doi.gov/HB6m3>.

The CRS report, Hydraulic Fracturing and Safe Drinking Water Act Issues, is available at <http://op.bna.com/env.nsf/r?Open=jsun-8tau7y>.

Group will study roads

Corpus Christi Caller-Times (TX) - Friday, April 13, 2012

Author: Mark Collette

- Task force to assess harm from oil boom

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As increased energy production continues to take its toll on Texas highways and roads, a group of government and industry officials from around the state are having their first meeting today to assess the problem and brainstorm solutions. Of particular interest to the task force is hydraulic fracturing , an oil and gas recovery process that requires millions of gallons of fluid per well, often trucked in to well sites in rural areas where roads aren't meant to handle such loads.

Nearly 1,200 loaded trucks are needed to bring just one gas well into production - the traffic equivalent to roughly 8 million cars, the Texas Department of Transportation estimates.

The department has not calculated the potential long-term road maintenance costs associated with hydraulic fracturing , but early accounts suggest it will be immense.

In the department's Corpus Christi district, where three of the 10 counties lie atop the oil-rich Eagle Ford Shale formation, projected maintenance needs during the next five years reach \$500 million. That's triple the amount projected before the drilling boom, and it doesn't include millions more that counties will have to find to repair roads off the state highway system.

"The energy sector is critically important to the state," department director Phil Wilson said in a news release. "TxDOT will work closely with industry and state and local officials to address any impacts on infrastructure and continue our efforts to provide safe and reliable transportation solutions for Texas."

There is no uniform framework in place to handle energy-related road damage. Often, policies vary at the county and even precinct level, with local officials working directly with drilling companies to establish informal agreements for reimbursements. Other counties have enacted road fees assessed on each new well.

DeWitt County collected more than \$1.6 million in fees since 2010, but that's little compared with the \$100 million tab for road damage, according to an independent engineering study.

On many state-maintained farm roads and highways, crews are churning ravaged surfaces into rubble and leaving them that way until the energy activity slows, because repairs aren't likely to last under the constant traffic.

The state Senate Transportation and Homeland Security Committee will, as one of its charges between legislative sessions, study the impact of overweight vehicles and the adequacy of the state's system for permitting and enforcing the rules. Most of the money collected from the permits is diverted to the state's general fund and does not pay for road repairs.

During a two-day commercial vehicle enforcement sting by the Department of Public Safety in February, troopers checked 526 vehicles. They issued 93 warnings and made 45 arrests for weight violations.

During a similar operation in November, in response to complaints about trucks in McMullen County, troopers removed from service 64 percent of the vehicles they inspected. Transportation department spokesman Bob Kaufman said the new task force includes members of the renewable energy sector.

Texas leads the nation in wind energy capacity. A proposed wind farm in Kleberg County near Riviera has sparked concerns that county roads may not be able to support heavy loads during construction.

The task force meeting, held in Austin, is not open to the public, Kaufman said.

Caption: TODD YATES/CALLER-TIMES FILE Oil field trucks kick up dust as they make their way down County Road 245 near Three Rivers. Increased energy production prompted formation of a statewide task force to study road damage.

FORT WORTH CITY COUNCIL VOTES TO PROHIBIT USE OF SALTWATER WELLS WITHIN CITY LIMITS

US Fed News (USA) - Friday, April 13, 2012

FORT WORTH, Texas, April 10 -- The city of Fort Worth issued the following press release:

City Council voted 8-0 during Tuesday's meeting to prohibit the use of saltwater disposal wells within the city limits.

The vote ended an extended moratorium on the use of the wells, which hold water used in the fracking process in natural gas drilling. The moratorium was first imposed in 2006 and extended five separate times. It was set to expire April 30.

For any query with respect to this article or any other content requirement, please contact Editor at htsyndication@hindustantimes.com

Range Resources 1st quarter production up 20 percent

Dallas Business Journal by Matt Joyce, Staff Writer

Date: Thursday, April 12, 2012, 10:40am CDT

Matt Joyce Staff Writer - Dallas Business Journal

Range Resources' first quarter production was up 20 percent, the company said Thursday.

The Fort Worth-based company (NYSE: RNG) said its first quarter production volumes averaged 655.5 million cubic feet per day equivalent.

The production consisted of 78 percent natural gas, 16 percent natural gas liquids and 6 percent crude oil. Year-over-year oil production increased 3 percent, NGL production rose 20 percent, and natural gas production increased 19 percent.

Range said its commodity price realizations averaged \$5.19 per thousand cubic feet equivalent in the first quarter, a 14 percent decrease year over year.

Range President and CEO Jeff Ventura said the company is on track to achieve its 2012 production growth target of 30 percent to 35 percent.

"Moreover, with the growth of our oil and NGL production, we are executing on our goal of moving overall liquid production higher in our total production mix for 2012 and beyond," he said.

Range sold its Barnett Shale assets in April 2011, and operates in the Marcellus Shale, the Nora Field in western Virginia, the Texas Panhandle, Oklahoma and New Mexico.

EPP, Anadarko, DCP to build DJ basin-Texas NGL pipeline

Oil & Gas Journal 04/12/2012

<http://www.ogj.com/articles/2012/04/epp-anadarko-dcp-to-build-dj-basin-texas-ngl-pipeline.html?cmpid=EnlDailyApril122012>

Enterprise Products Partners LP, Anadarko Petroleum Corp., and DCP Midstream LLC plan to build a

natural gas liquids pipeline from the Denver-Julesburg basin in Weld County, Colo., to Skellytown, Tex., roughly 435 miles.

Sunoco starts open season on West Texas -Nederland crude pipeline

Oil & Gas Journal 04/12/2012

<http://www.ogj.com/articles/2012/04/sunoco-starts-open-season-on-west-texas-nederland-crude-pipeline.html?cmpid=EnlDailyApril122012>

Sunoco Pipeline LP, West Texas Gulf Pipe Line Co., and Mobil Pipe Line Co. have begun a binding open season for their West Texas-Nederland Access project to deliver crude oil from West Texas to Sunoco Logistics Partners LP's Nederland Terminal at Nederland, Tex.

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